Government of India.

Financial Statement

1909-10

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EAST INDIA (FINANCIAL STATEMENT).

RETURN to an Address of The Honourable The House of Commons, dated 27 April 1909;—*for*,

"RETURN of the INDIAN FINANCIAL STATEMENT for 1909–10, and of the Proceedings of the Legislative Council of the Governor-General thereon."

India Office,
30 April 1909.

ARTHUR GODLEY,
Under Secretary of State for India.

(*Mr. Hobhouse.*)

Ordered, by The House of Commons, *to be Printed*,
30 *April* 1909.

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FINANCIAL STATEMENT

FOR

1909-1910.

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FINANCIAL STATEMENT FOR 1909-1910.

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FINANCIAL STATEMENT FOR 1909-1910.

PART I.

Introductory.

I present to the Council the Financial Statement for 1909-1910. It deals, according to the regular practice, with the closed accounts of last year, with the revised estimates of the year now ending, and with the Budget for the year which begins on the 1st of April next.

2. With 1907-1908 ended a decade of remarkable prosperity in our Indian finances. Nothing that occurred during the ten previous years checked the steady progress of our revenues; and even the famine of 1900 failed to interrupt the long series of surpluses which it has been the good fortune of my predecessors to declare. But in the middle of 1907 the position changed with the failure of the south-west monsoon, and when the year closed our revenues showed only a small margin of £306,046 to the good. The present year inherited a legacy of famine and its sequels. The spring harvest had been seriously reduced by drought; the yield of wheat being estimated at 27 per cent. below the average, and the oilseed crop being at least 60 per cent. in defect. Trade was dull; the foreign demand for jute had been seriously curtailed; the cotton crop had been weak; and quite one-third of the exports of Burma rice had been diverted to feed the famine areas in India. But, though such was the position at the moment, there appeared to be hope of a speedy recovery. There had been an almost immediate resilience after each of the disastrous years of 1897 and 1900; and with a normal monsoon in 1908, there seemed no reason why the vitality of our resources should not again assert itself after the famine of 1907-1908. The number of persons in receipt of relief at the end of March was less than half of what it had been at the same stage of each of the previous famines. In the latter half of 1908-1909, large suspensions of land revenue were due for recovery; and on the assumption that normal conditions would be re-established in the autumn, it was anticipated that our railway earnings would revive, and our other chief sources of income improve. Sir Edward Baker accordingly budgeted for a surplus of £571,500.

3. The situation unfortunately has altered materially for the worse since his Budget was framed; and instead of a small surplus, the year has ended with a large deficit. For this there are two outstanding reasons. The first is the protracted weakness in the agricultural conditions of the year. The area under the spring crops of 1908-1909 was small; and though the winter rains were good if late, the outturn of the harvest in most of the affected provinces was not more than two-thirds of the normal. The areas most seriously affected were the United Provinces and the neighbouring States of Central India, but relief measures were also required in parts of the Central Provinces, Bombay and Bengal, and to a small extent in the Punjab and Madras. On the 1st April 1908, there were $1\frac{1}{4}$ million persons in receipt of State relief in British India and nearly 150,000 in Native States. The total did not fall below a million till the beginning of July. The monsoon rains were generally favourable and well distributed, and relief works were closed in most provinces by the end of September. On the whole, the autumn harvest was a good one, but the hopes which were at one time entertained of an unusually excellent harvest were partly disappointed by the early cessation of the rains. Sowings for the harvest now in hand were somewhat retarded by the dryness of the soil and the absence of rain during October and November. But a still more serious factor in the year's misfortunes was the severe outbreak of malarial fever in Northern India, which caused considerable mortality in some tracts and greatly debilitated the agricultural population, hampering the harvesting of the autumn and the sowing of the spring crops. Taken as a whole therefore, the rural prosperity of the year fell much short of what had been hoped for.

4. It is not however entirely to the agricultural conditions of 1908 that our reverses of fortune in the current year are attributable. They are partly also the outcome of a grave depression in trade,—not a depression which is local or peculiar to India, but one of

those great reactions which periodically affect the whole of the civilized world. It is on our railway returns therefore that the characteristics of the year are most clearly impressed. The external trade of India has advanced during the last twelve years by rapid and continuous strides. In 1896-1897 the aggregate value of our imports and exports by sea was 198 crores of rupees; in 1907-1908 it was 362 crores; and in every single one of the intermediate years the figure was higher than in the preceding year. It has thus been the experience of India, after recovery from each of the last two great famines, to find itself in the steadily flowing tide of commercial prosperity. On this occasion, the tide has turned, and we have emerged from the famine to find ourselves swimming against the ebb. During the first ten months of the current year, the value of our external trade receded by 15 per cent.; and the internal commerce of the country has been correspondingly depressed. The earnings of our railways, which are the collecting agency for our exports and the distributing agency for our imports, have as a consequence been most seriously affected. Other departments of Government, which also in their degree reflect the fluctuations of trade activity, have suffered similarly,—particularly the forests, customs, posts and telegraphs, and the mints.

5. The net result of these two factors—the harvest failures within India itself and our exposure to an adverse tide in the world's commerce—has been that we expect to close the year with a deficit of £3,720,500. I will presently examine this figure in greater detail; it is the result of a large number of plus and minus variations, of which, however, by far the greatest is the drop in our net railway receipts, which has reached the high figure of £3,674,200. The estimates for the other heads of revenue and expenditure which were framed a year ago have been closely justified on the whole, and apart from the railway returns, we should have closed the year practically at equilibrium. If we could also eliminate certain unexpected military charges to which reference will subsequently be made, our budgeted surplus would have been realized. The figures however must of course be taken as a whole, and I have no wish to underrate the gravity of the result. It has entailed wholesale retrenchment; it has imposed a severe strain upon our cash balances; and it has prevented that expansion in our programme of railway capital expenditure to which we looked forward in 1909-1910, and which we confidently hope will be possible in better years. There are three considerations however to mitigate the not unnatural disappointment with which I place these results before the Council. One is the consolation that we find in the misfortunes of our friends; for several of the wealthiest nations of the world are to-day in the same plight as ourselves in having to face heavy deficits. Another is that the present deficit is the first that has occurred in India since 1897-1898, when there was a shortage of over £3½ millions. The third consolation presents itself when we turn to the anticipated results of the coming year.

6. In 1909-1910 we have reason to expect a fairly satisfactory spring harvest, though the winter rains were very late in arrival and below the normal in most provinces. The agricultural prospects are thus decidedly better than they were at this time last year. Unfortunately, however, they still leave something to be desired, and I have to record some exceptions to the generally favourable outlook. The most important of these is North Bihar, where the monsoon rainfall was only about half the normal, and practically no rain fell in the cold weather. The monsoon crops were bad, and the outturn of the spring harvest will be poor. Regular relief operations have already been started in one district, and will probably be required shortly in some adjoining districts. The rainfall has also been deficient in Mirzapur and in some of the districts of Northern Oudh which suffered severely last year, as well as in portions of the Eastern Bengal districts adjoining Bihar. Relief works have already been opened in these tracts, and further measures will probably be necessary during the hot weather. It is hoped, however, that famine relief will not be required on any considerable scale except in the limited areas mentioned, and if the coming monsoon is favourable, those parts of the country which were afflicted last year should be restored to their normal condition.

7. Apart from the agricultural outlook, there are other features in the coming year which make caution imperative. We shall lose another slice of the opium revenue which we are sacrificing in order to assist China in her great scheme of moral reform. Our markets continue overloaded with imports which the country has not yet digested; prices are still high; and the revival in trade which we all hope for will probably be slow. Finally, some of the Local Governments have not yet had time to adapt their scale of expenditure to the change in the general prosperity, and must work to deficits which, in one case at least, means a large overdraft upon Imperial funds. In all these circumstances, the

framing of the budget has been no easy task. The occasion is one not for cheery optimism, but for circumspection and economy; and retrenchment is never wholly agreeable. With the cordial assistance, however, of my colleagues who control the great spending Departments and of the various Local Governments, I am in a position to budget for a surplus of £230,900, without asking for a rupee of extra taxation. This result has been arrived at by close economy in every direction, and is based on a temperate estimate of revenue, with the usual assumption of a normal monsoon. The surplus is extremely small, for it has been the practice to approximate a crore of rupees (£667,000). With our reduced cash balances, it involves the taking of no inconsiderable risk to budget for a margin of such narrow dimensions. In my judgment, however, so long as we believe that our difficulties are merely temporary, it is wiser to take that risk than it would be to add to the burdens of the people or to borrow for the daily administrative work of the Government.

8. There has been no change in the form of the accounts since last year, and I am able to present the figures without any preliminary qualifications. For the three years which we are considering today, they stand as follows, after the exclusion of all Capital, Debt and Remittance transactions :—

	1907-1908 Accounts.
	£
Revenue	71,003,275
Expenditure charged to Revenue	70,697,229
Surplus	306,046

	1908-1909 Revised.
	£
Revenue	69,628,600
Expenditure charged to Revenue	73,349,100
Deficit	3,720,500

	1909-1910 Budget.
	£
Revenue	73,750,900
Expenditure charged to Revenue	73,520,000
Surplus	230,900

Accounts of 1907-1908.

9. When the last Financial Statement was being prepared, we estimated that the year 1907-1908 would close with an Imperial surplus of £235,400. The actual ascertained surplus was £306,046. In the Provincial section, the revenue and expenditure were both somewhat higher than we had estimated : but the net result was not materially different. In the Imperial figures, however, there was a shortage of £109,129 in revenue, covered by a larger reduction of £179,775 in expenditure.

10. The decline in revenue is fully explained by the Railway results. The gross earnings of State railways fell short of our estimate by £131,047, and there was an increase of £291,084 in working expenses. The sharp decline in traffic during March on the East Indian, Great Indian Peninsula, and North-Western Railways was accompanied by special activity in renewals towards the end of the year upon most of the main lines. The drop in net railway revenue was partly counterbalanced, however, by an improvement of £95,571 in the Imperial share of Land Revenue, the result of better collections in the United Provinces and advance realizations in several Bombay districts. We had also taken a cautious estimate of the revenue from Customs, Exchange and Irrigation, and the actual receipts were £40,494, £34,511 and £36,491 respectively in excess of our figures.

11. The diminution of expenditure occurred mainly under Military charges, where larger savings were effected than we had foreseen, partly in the accounts of the Bazar Valley Field Force; the total reduction in comparison with our Revised Estimate under this head being £104,713. There was also an improvement under Stationery and

Printing, where the actual charges (Imperial share) were £40,404 lower than we had taken, and under the head of Interest chargeable against Railway Companies on advances, where the drop was £32,438. The figures for both these heads depend to a considerable degree on adjustments made at or after the close of the year. On the other hand, the expenditure on the famine in the United Provinces was heavier than our latest information had indicated, and the figure for Famine Relief (Imperial share) was exceeded by £51,329.

The Comptroller General's Appropriation Report, which has just been published, gives full details of the 1907-1908 accounts as closed and finally audited. They are also examined in Part II of this Statement.

Revised Estimate for 1908-1909.

12. I proceed now to explain in more detail the current year's figures, and in particular to examine the deterioration which has led to an anticipated surplus of £571,500 being converted into a probable deficit of £3,720,500. There has been a total decrease of £3,810,300 in revenue, and a total increase of £718,700 in expenditure: but £237,000 of the latter has been met by Provincial Governments drawing on their own balances or overdrawing on ours.

As I have already indicated, the drop in revenue is largely accounted for by the falling-off of £3,674,200 in net railway earnings. The other chief shortages as compared with the Budget Estimate of revenue are given below: but they have been more than counterbalanced by an improvement of £1,041,300 under Opium :—

	Defect of £
Land Revenue	264,100
Salt	185,500
Customs	148,000
Forests	144,100
Interest	88,500
Post Office	78,000
Telegraph	85,900
Mint	148,900
Irrigation	72,100

13. The failure of the winter rains in Bombay, and the partial drought in Upper Burma which experienced one of the worst seasons for many years, explain the short collections of Land revenue, which would have been still worse had the United Provinces and the Central Provinces not succeeded in getting in a larger share of their famine suspensions than had been expected. On the Forest revenue also, famine left its direct mark, in the decreased demand for building timber and firewood; though a variety of other and more local causes were simultaneously at work to weaken the market for forest produce. On the other hand, a saving of £39,500 is expected in Forest expenditure.

14. The third great revenue head which scarcity affected directly is Salt. Ever since the recent series of reductions in duty began six years ago, there has been a steady annual increase in consumption. A point however seems now to have been reached at which the purchasing power of the people is affected much more by agricultural conditions than by the purely nominal rate of duty. Under the stress of famine an appreciable curtailment in the issues of salt began in April last and continued until August, the decline in these five months being 23½ lakhs of maunds as compared with the same period in 1907. When the adequacy of the monsoon seemed assured in September, there was a great rush to replenish stocks, and during the last seven months of the year we expect that the issues will be 25 lakhs of maunds better than in 1907-1908. There will thus be, on the whole year, a small improvement in consumption by about 1½ lakhs of maunds. We had budgeted however for an increase of 28⅓ lakhs, and hence the defect in receipts which we now anticipate. Another head of revenue which has suffered from climatic conditions, though in a different manner, is Irrigation; the main reason which has interfered with it being the heavy rain in August in the United Provinces and Punjab, and the consequent ability of the autumn crops to dispense with canal water.

15. Under Customs, the fluctuations in detail as compared with the Budget Estimate have been very large; the two great disturbing factors being piece-goods and metals. The

market for piece-goods became seriously congested, and a sharp set-back has occurred in imports; we expect a shortage of £200,000 on the original estimate, which followed closely the figures of the previous year. On the other hand, we did not foresee the enormous stimulus which the heavy fall in the price of silver and copper gave to the Indian demand for these metals. The case of bar silver is dealt with in a subsequent paragraph; but the increase in the purchase of copper has also been remarkable, and there has been a striking advance in the imports of steel and machinery, both electrical and textile. On the whole we anticipate that the duty on metals will yield £166,700 in excess of our estimate. The market for petroleum has been better than we expected, as well as for sugar, of which large quantities were imported from Java to supplement a short crop in India. On the other hand, the deficiency in last year's rice harvest in Upper Burma, combined with the heavy shipments from Lower Burma to India, have resulted in a decline of £140,000 in our export duties.

16. The other chief losses in revenue may be disposed of in few words. The decline under Post Office and Telegraph is due, partly to trade depression, and partly, in the case of Telegraph, to the greater facilities which were given by administrative improvements for cheap messages. We are hardly in a position yet to estimate the effect of the great change in the telegraph rates which took place on the 1st of January. The fall in Mint revenue followed the total cessation of coinage from new silver, and the loss of seignorage thereon; bronze coinage and its profits being also curtailed by the large return of bronze from circulation after the stoppage of famine relief works. The fall in Interest receipts is attributable to the Secretary of State having smaller balances available in London for deposit at interest, and to the lower rates of interest which he obtained for them.

17. Absorbing all these minor deficiencies in revenue, stands the great increase of £1,041,300 which we now expect in our Opium receipts for the year. About a fourth part of this has been gained by the high prices obtained for our Bengal opium; as we budgeted with caution for an average sale price of ₹1,300 a chest, and we have realized ₹1,384. But the great bulk of the improvement arises from a remarkable movement in the Malwa trade. The Budget assumed that 15,100 chests of Malwa opium would pay pass duty during the financial year. It is now probable that the number will be nearer 35,000 chests. In accordance with our arrangements with China, we fixed 15,100 chests as the permissible export of Malwa opium for the calendar year 1908, and 13,600 chests for 1909. The limit for 1908 was reached at the end of August; and then began a wild rush to get opium down to the Bombay warehouse, in order to secure priority for the 1909 shipments, and under the stimulus of the high prices which were then prevailing in the China market. Our warehouses were filled to overflowing, and large quantities of opium paid duty in advance without ever leaving Malwa. The permissible export for 1909 has virtually been completed, but the trade has shown no desire to remove the balance of duty-paid opium from our warehouses, which is now being held against the shipments for 1910, and the amount of refunds has been inconsiderable. Simultaneously with this windfall under revenue, we have had (see paragraph 20) a large reduction in opium expenditure, owing to an unexpectedly sharp decline in the poppy area for which licenses were taken out in 1908, and to a comparatively weak output in the last harvest.

18. I turn next to the mournful tale of our Railway results during the current year. We budgeted for gross earnings of roughly £29 millions, and for working expenses of £15 millions; the probable actuals are £26⅔ millions and £16⅓ millions respectively. The budget was based on the assumption of good seasons and returning prosperity; it made the usual allowance for increased mileage and the improvement of backward lines; and it set apart 51½ per cent. of the earnings for the cost of working, — a ratio which was somewhat lower than in the previous year, but quite up to the ordinary requirements of the past. The year began dull, owing to the weak wheat harvest; but up to July there seemed no special cause for anxiety, and we looked to jute and cotton to pull us through. Both these staples disappointed us however; and from August onwards, right up to the end of January, we had a series of depressing traffic returns. The exports from Northern India had practically ceased, and the great accumulation of imported goods at the coast showed no disposition to move up-country. When January closed, we were about £2,120,000 behind the budget proportion. Good winter rains and a satisfactory agricultural outlook might have brought a belated rally; but the rain had been unequal and late, and the scarcity in Bihar was already beginning to be felt. No marked improvement can be looked for until the big wheat harvest in the Punjab begins to move.

19. We have been doubly unfortunate through having to meet specially heavy working expenses in the face of a falling revenue. Recent labour troubles have necessitated revision in the pay of the staff; high prices entailed heavy expenditure on grain compensation; and the charges for coal on most lines were considerably heavier than we had budgeted for. The North-Western Railway suffered severely from the August floods, and substantial expenditure was required on repairs and temporary diversions. Generally speaking also there was unusual activity in betterment and renewals, which the railway authorities considered necessary for the safety and efficiency of the lines, and for which the lightness of the traffic afforded a favourable opportunity. The subject is further examined in paragraph 55, and details for individual lines will be found in Part II of this Statement.

20. On the Expenditure side, the chief variations which we expect from the Budget figures are as follows :—

	£
Increases—	
Land Revenue	92,000
Interest	169,800
Post Office	96,900
Salaries and Expenses of Civil Departments	432,300
Miscellaneous Civil Charges	259,100
Famine Relief	132,200
Irrigation	69,400
Civil Works	92,400
Decreases—	
Opium	239,600
Telegraphs	61,500
Railways : Interest and other charges	91,300
Military Services	196,700

21. The excess expenditure is wholly Provincial. There is a small saving of £58,300 on the Imperial allotments; but the provinces, taken as a whole, have outrun their grants by £777,000. This heavy extra outlay by Local Governments has added to the difficulties of the year. I say so in no tone of disparagement or complaint. The reverse in our fortunes came upon us before Local Governments had time to prepare for it. The large element of recurring expenditure in their finances hampers them in retrenching with the necessary promptitude; and most of them have had troubles of their own,—high prices, famine in some provinces, and the cost of dealing with sedition or anarchy in others. We have now, however, impressed on all Local Governments the paramount importance of economy, and I trust that in the future we shall have their co-operation in full measure.

22. The compensation to low-paid Government servants for the dearness of food grains has been a heavy drain on the Budget. The payments thus made are estimated at £597,900 (excluding the Army), and they are distributed among nearly all the heads which show an increase of expenditure in paragraph 20. To this has to be added the Royal bonus in commemoration of the assumption of the Government of India by the Crown. It took the form of one week's pay to all permanent civil employés on pay of R50 a month or under; and is estimated to have cost £140,200. Apart from these general causes, large excess expenditure has occurred under Courts of Law and Police, in consequence of the special measures that have been necessary for detecting and trying seditious offences. The excess under Irrigation is explained by higher maintenance charges, and by monsoon flood damage in the Punjab.

23. The charges for famine relief were unexpectedly swollen by the protracted distress in the United Provinces, and by the recrudescence of scarcity in parts of the same province and in Bengal. There was also a small excess in the Central Provinces: but I am glad of this opportunity of acknowledging the great economy with which the famine has been combated in that province. A charge of a kindred nature which had not appeared in the Budget is £68,700 for the remission of irrecoverable agricultural advances in famine areas in the United Provinces.

24. Among the charges for which the Imperial Government is directly responsible, the heaviest excess occurs under Interest, in consequence of the issue of India Bills for a larger amount than we had anticipated. We have not had to meet the discount, underwriting and other miscellaneous charges of the £7½ million loan which the Secretary of State floated in January last; as, instead of debiting them against the year's

revenues, he has created a sinking fund for their liquidation. Another excess over the Budget is £60,000, which His Majesty the Amir of Afghanistan drew out of his subsidy account, in addition to the £166,700 which we had provided for. The other chief unforeseen expenditure of the year comes under Military charges. As a result of the enquiry by Lord Romer's Committee into our payments for the British troops employed in India, our liability has been increased by £300,000 a year; and, as the change takes effect from the 1st May 1908, the additional burden on this year's accounts will be £275,000. The pay of the Indian Army has also been substantially increased from the 1st January last, and the additional charge which this entails is £73,300 during the last quarter of the current year.

25. Against these excesses over the Budget, we can set large savings which have been effected under the group "Military Services," and for which we are indebted to His Excellency the Commander-in-Chief's ready assistance in enforcing all possible economy. The operations against the Mohmands cost us £126,700 for which we had not provided, and the continued high prices of food and forage exceeded our Budget allotments by the large figure of £140,000. In addition to these demands came the extra charges for British troops to which allusion has already been made, and the rise in the pay of the Indian Army. A large number of counterbalancing economies were effected, of which a more precise narrative is given in Appendix II; and in particular a number of the special measures for the re-organization and re-distribution of the Army were restricted or deferred in view of the general financial situation. The net result is the reduction on the budgeted expenditure which is shown above.

26. The economy under the Railway head is partly the result of the Railway Companies having deposited smaller capital with us than we had hoped, thus reducing the amount of interest which we had expected to have to pay them. But it is also partly nominal, as the average rate by which we calculate the interest of that portion of our debt which is chargeable to railways was worked out at a lower figure than we had assumed in the Budget. The saving under Telegraph is mainly in capital expenditure of the Indian Telegraph Department.

27. The balancing figure at the end of the accounts which represents the surpluses or deficits of Local Governments indicates that the net Provincial deficits are £237,000 greater than we had budgeted for. The Punjab and Madras alone had anticipated a surplus; and, if we leave the special case of the United Provinces out of account, Madras alone can claim the credit of realizing one; the majority of the provinces working to much larger deficits than they had foreseen. This, however, is only part of the truth. In three provinces—Eastern Bengal and Assam, Bengal and the United Provinces—the deficits would have been very much greater, if it had not been for large assignments given from Imperial revenues. The total amount so given without budget provision was £654,200; and it was to this that I referred in paragraph 21 as materially adding to the difficulties of the year. The subsidy to the United Provinces was made partly to replenish balances which had been entirely depleted by famine, and partly in the form of an initial grant for the new financial settlement, so that, by virtue of this assistance, the province closes with a small surplus. The assignments to the other two provinces were in aid of their balances, which plague, famine and other causes had worn down to vanishing point.

Budget Estimate for 1909-1910.

28. After a year like the present, it would be clearly imprudent to speculate on too rapid a recovery in revenue, and it is obviously imperative to enforce all possible economies. The result has been a sharp arrest of expenditure, both Imperial and Provincial, at no small discomfort to ourselves as well as to Local Governments; and, in some cases at a temporary sacrifice of administrative efficiency. But the only alternative was increased taxation; and this, in our opinion, would have been a greater evil. Our fervent hope is that favourable seasons in the coming year will justify our decision to work on a narrow margin and with a punctilious regard to economy, rather than on more liberal revenues with an enlarged basis of taxation.

29. The estimated revenue for the year is £73,750,900, and the estimated expenditure is £73,720,500. But as £200,500 (net) of the latter will be met from Provincial balances, the Imperial section of the budget will show a surplus of £230,900. As compared

with the probable actuals of the current year, there is thus an anticipated recovery of £4,122,300 in revenue, and an increase in expenditure of only £170,900. The chief sources from which we expect this improvement in our position are Railways and Land Revenue. Nearly all the other principal heads of revenue, and in particular Stamps, Excise, Customs and Post Office, contribute their quota to the increase in receipts; but all that they can yield is absorbed by a great reaction in Opium revenue. On the Expenditure side there is a large rise in the Interest charges and a small increase for Military Services. But these are more than met by the decline in Famine charges and by heavy retrenchment on Civil Works. The other variations are less important and are mainly reductions, except notably under Police and Medical.

30. The Land Revenue receipts are expected to be high in Northern India, where large famine arrears will be due for recovery in addition to the current demand of the year. A careful estimate places the increase over the current year at £1,202,700: of which Bombay contributes £385,700, the Punjab £342,500, and the United Provinces £211,300. But more than the whole of this advantage accrues in the Imperial section, mainly owing to the cessation of the large special assignments described in paragraph 27. For railway earnings we take a figure £2½ millions above that of the current year. This does no more than place our railway activity where it would have been in 1908-1909 if conditions had been normal, with a small extra margin for the increased mileage. The provision for working expenses is roughly 54 per cent of the gross receipts, which postulates cheaper coal and a less active programme of renewals and repairs than most of the railways have pursued in the current year.

31. Under Excise, a head which usually suffers in famine years, we expect a substantial increase, mainly as the result of improved control, higher rates of duty and the continued substitution of licit for illicit consumption. Forest is another head where we expect a recovery from a temporary set-back. In the receipts from Customs we assume a subsidence under silver but heavy payments on the export of Burma rice and a moderate revival in the general import trade. Better trade conditions should give us the improvement of £129,700 for which we budget under Post Office; but the Telegraph figure provides for no rise over the current year, in consequence of the uncertainty of the effects of the new tariff. The Miscellaneous head gains by £60,000 which we expect the Port Commissioners of Calcutta to pay us for a piece of the Mint land, and by about £31,500 from the sale of cloth which was made for Government by weavers on famine relief in the Central Provinces. Moderate improvements under Salt, Stamps and Interest are taken as incidents of more normal conditions.

32. Our Opium policy in the coming year will be in consistent adherence to our promise to China, and our exports will again be reduced by ten per cent. The very unsettled prospects of the industry, the repeated alarms of local monopolies in China, and the speculative character of much of the Malwa trade, make it very difficult to forecast our receipts. We intend however to sell 42,300 chests of Bengal opium during the financial year, for which we assume an average price of ₹1,350 a chest. In Malwa we surmise that between 8,000 and 9,000 chests will pay pass duty in preparation for the shipments of 1911. The net result is a very heavy drop of £1,468,200 in total receipts as compared with the artificially inflated income of the current year. For the future the position remains as described by Sir Edward Baker in last year's Financial Statement. We continue to reduce our exports until 1910, when the whole question will be re-examined with reference to the progress which China has made in its reforms. While bearing evidence to the strength of a genuine anti-opium movement in certain classes of Chinese society, the reports which we receive are conflicting as regards the curtailment of cultivation and production in China. The matter however has been under the enquiry of the International Commission which sat at Shanghai last month, and at which the interests of India were represented by Mr. J. B. Brunyate. The proceedings of the Commission have not yet reached the Government of India: but in the meanwhile it is well that we should be prepared, as far as possible, for the possibility of further losses in our opium revenue. Fortunately there is some hope that the change will not affect the landed interest in Bengal and the United Provinces so seriously as at one time we feared. The profits of other high cropping show some tendency to oust the poppy, especially in Behar, and a large contraction in area seems practicable without very grave detriment to rural well-being. For the next poppy season accordingly we are arranging to license a maximum of 600,000 bighas,—a very material reduction from the 900,000 odd bighas which were cultivated only three years ago, when this question first arose. In parts at least of the Native territory where

Malwa opium is grown, the problem of the falling China trade is a more difficult one, and it is now engaging our sympathetic attention.

33. I turn next to the estimate of expenditure for 1909-1910. The outstanding feature is the great saving which we expect under Famine charges, both direct and indirect. For direct relief the only provisions of any importance that we have made are £121,800 in Bengal and £55,000 in the United Provinces; the total being less by £808,300 than in the current year. One of the indirect results of a more favourable agricultural position will be, we hope, a fall in the price of food grains, in consequence of which we budget for considerable economies in all our departments, both civil and military. But in practically all our civil departments except Police, Education, Medical, and Scientific, retrenchment of a general nature is being enforced, *e.g.*, under Stationery and Printing, where we expect a saving of £64,500. The main contraction of expenditure however occurs under Civil Works, where the allotments are £303,600 less than the probable expenditure of the current year, in consequence of the efforts of Local Governments to restore their finances to equilibrium. Under Opium there is a saving of £156,600, owing to the reduced area and production as explained in the preceding paragraph.

34. Enhanced expenditure is inevitable under Interest, as a consequence of *firstly*, the growth of our public debt; *secondly*, the larger amount of capital which we hope the Railway Companies will raise and deposit with Government; and *thirdly*, the new annuities issued in purchase of the Madras Railway, the full charges on which will be payable for the first time next year. Another considerable increase of expenditure is provided for under Protective Works. Their claim to liberal treatment is indefeasible, and the funds available for them were limited during the current year. The progress of reorganization is responsible for the growth in Police charges. Increased outlay upon primary instruction in Bombay and upon secondary schools in Burma combine, with the Dacca Training College, to raise the figures under Education; while the Medical charges are enhanced by a more active programme of sanitation.

35. There remains the group head "Military Services," which shows a net increase of £150,500. The rise in the pay of the Indian Army would alone account for an increase of £353,300, the full year's payment of roughly £426,600 being provided for; so that there have been extensive savings in other directions, and the Army has taken its full share in helping us to face a lean year.

36. The part which Provincial revenues have played in the retrenchments of the budget will have been apparent from the foregoing remarks. The result is that five provinces now estimate a small surplus on the year's working; while of the others, Eastern Bengal and Assam alone shows a serious deficit. It has exhausted its balances and heavily overdrawn upon Imperial resources,—an exceptional position to which we have assented partly on the ground of the special difficulties which attend the administration of the new province, and partly because it is working under a temporary financial settlement which stands admittedly in need of revision.

37. The tenuity of our surplus has made it clearly impossible to embark on any special expenditure or to indulge in any remissions of taxation. The only grants for general purposes which we propose to allot to Local Governments are in aid of police reform, and constitute one of the closing instalments of the subsidy of 1½ crores which was promised for the furtherance of the reform schemes initiated on the advice of the Police Commission. For next year the amounts which we have provided are:—

	R
Bombay	3,00,000
Bengal	2,50,000
Eastern Bengal and Assam	1,50,000
United Provinces	4,00,000
Central Provinces	50,000
	11,50,000

Burma and Madras have already received, at the recent revision of their settlements, their full quota of the all-India grant. The same had been our intention in revising the United Provinces settlement: but the Secretary of State decided that the grants for this province should be given as required, and not incorporated in the settlement arrangements. The Punjab has already obtained its full share of the assignments.

Military Expenditure.

38. I append the usual statement showing the total expenditure on Military services under their various heads during the past five years.

—	Army.	Marine.	Military Works.	Special Defences.	Total.
	£	£	£	£	£
1905-1906	19,267,130	551,070	1,094,905	146,306	21,059,411
1906-1907	19,657,845	662,368	1,127,515	138,358	21,586,086
1907-1908	18,647,533	485,024	1,166,943	116,287	20,415,787
1908-1909 (Budget) . . .	18,972,500	473,300	1,199,200	109,400	20,754,400
1908-1909 (Revised) . .	19,100,100	473,100	953,900	30,600	20,557,700
1909-1910 (Budget) . . .	19,350,900	473,800	855,600	27,900	20,708,200

39. In paragraphs 60 to 67 of his Financial Statement for 1907-1908, my predecessor explained the origin of the system which has prevailed in the last five years of financing large schemes of military expenditure from a special annual grant. For some years prior to 1904-1905 a large amount of expenditure had been incurred on special measures designed to improve the efficiency of the army, but the funds available fluctuated widely from year to year, and the objects to which they were devoted were not selected on any settled plan. In 1904 His Excellency the Commander-in-Chief put forward a definite programme for the reorganisation and redistribution of the army, and in order to ensure the economical completion of this programme it was decided to provide for five years in succession an annual grant of £2,000,000 (subsequently increased, by the inclusion of Military Works expenditure, to £2,167,000) for special military expenditure.

40. This grant was, however, to provide not only for the Commander-in-Chief's programme, but also for all other special expenditure (excepting petty items) connected with the army that might be required in the five years. Further the grant was not confined to new expenditure, but had also to meet the recurring cost of all special measures carried out from 1904-1905 onwards. The amount available for new projects was thus automatically reduced with the completion of each special measure which involves recurring expenditure. In considering the aggregate expenditure incurred from the special grant, the cumulative effect of the inclusion of recurring expenditure has to be borne in mind.

41. The actual expenditure from the special grant up to the end of the year 1908-1909 is expected to amount to £8,216,000, and the permanent increase of expenditure so far attained on the measures which are expected to be completed at the close of that year is £655,100 a year. Of the above sums only about £3,688,400 have been spent on measures included in the Commander-in-Chief's original programme, and about £271,400, or less than half, of the recurring expenditure, is attributable to such measures. The balance of the expenditure has been incurred on other measures which in any modern army are constantly arising, and must eventually be met.

42. It may be of interest to compare these figures with the expenditure of the preceding five years. Previous to 1904-1905 the savings derived from the absence of troops in China and South Africa had been devoted to the improvement of the Army, and large sums were spent on the re-armament of the Indian Army, the expansion of ordnance factories, and various other special projects. The allotments made for special military expenditure in the five years ending 1903-1904 aggregated £5,951,000, but these did not include any provision for recurring expenditure on measures previously carried out. For the purpose of comparison with the expenditure from the special grant in the last five years, it is necessary to deduct £1,217,000 from the sums charged to the grant on account of recurring expenditure brought forward from previous years. It will then be seen that the allotments for special expenditure in the

earlier period were only £1,048,000 less than the amount spent on similar objects in the five years during which the Commander-in-Chief's programme has been in progress.

43. That programme is still incomplete but the improvement in the political position has enabled us to proceed with our military reforms more leisurely and to modify the original scheme in several respects. At the same time the cost of maintaining the army in India and of obtaining recruits from England has recently been increased—from causes beyond our control, and quite unconnected with the Commander-in-Chief's reorganization scheme—and these extra charges, coupled with a decline in general revenues, have rendered it necessary to reduce our special military expenditure.

44. It has now been decided to abolish the special grant and practically to revert to the system which was in force prior to 1904-1905. We have thus arrived at the close of an important chapter in the history of military finance in India, and I therefore give below a brief summary of the principal reforms which have been carried out in the last five years.

45. As regards personnel, the strength of the Army has been increased by 8 Royal Horse Artillery and Royal Field Artillery Ammunition Columns, 2 batteries of Indian Mountain Artillery and 1 Railway Company of Sappers and Miners, and the Royal Horse Artillery and Royal Field Artillery establishments have been considerably augmented in consequence of the introduction of new quick-firing guns; the Mountain and Howitzer Artillery units have been reorganised and placed on a more efficient footing; several battalions of Gurkhas have been raised in replacement of other classes of battalions; the Indian Army Reserve has been substantially augmented; and 350 British Officers have been added to the Indian Army.

46. As regards equipment, the rearmament of our Royal Horse and Field Artillery with 13 and 18-pr. quick-firing guns, is nearly completed; and our stocks of artillery and small arms ammunition, maxim guns, rifles, and war equipment generally, have been considerably augmented. The manufacturing power of our Ordnance Factories has been largely expanded. Our transport has been strengthened by the addition of 13 mule units and a reserve of 4,000 carts. A reserve of cavalry horses has been provided. Our medical equipment has been much improved, and 56 Field and 11 General Hospitals and 15 sets of X-ray apparatus have been added to our mobilisation stores. Our veterinary equipment has been similarly improved, and 6 additional Field Hospitals and 1 Store Depôt have been organised and equipped.

47. To provide for the withdrawal of troops from outlying stations and their concentration at strategical centres, additional accommodation has been constructed at Quetta, Nowshera, Abbottabad, Jubbulpore, Ahmednagar, Jhelum, Sialkot, Jullundur, Ambala, Dehra Dun, Lansdowne, Meerut, Delhi, Jhansi, Belgaum and Maymyo.

48. Among other miscellaneous measures, a Staff College has been established at Quetta; a new arsenal has been located at Kirkee; electricity has been installed at several barracks for British troops; the operations of dairy farms have been considerably extended; a new troopship (the R. I. M. S. Northbrook) and five smaller boats have been provided in replacement of obsolete vessels of the Royal Indian Marine; and the programme of Special Defences at our chief ports has been practically completed.

49. During the course of the current year it became necessary to restrict expenditure in order to meet several unforeseen charges, which coincided with a falling off in general revenues. The Revised Estimates include £140,000 for the cost of food and forage over and above the exceptionally large provision made in the Budget, £275,000 for an additional payment to the War Office in respect of the cost of obtaining recruits and reliefs for the British Army in India, and £73,300 on account of the increase of pay and free firewood granted to the Indian Army from 1st January 1909.

50. In the Budget Estimates for 1909-1910, as compared with those for the current year, we have had to provide for an increased expenditure of £818,300 on account of the three items specified in the preceding paragraph. Notwithstanding these heavy additional charges we have been able to keep our total military expenditure within its present limits by the realisation of economies effected in recent years, by retarding the rate of progress on new buildings, and by a careful reconsideration and economical restriction of demands under all military heads. The gross expenditure in the Budget Estimates for 1909-1910 is £46,200 less than in the Budget Estimates for the current year, and the net expenditure shows a reduction of £84,700.

Railway Construction and Earnings.

51. The following statement gives the capital expenditure on railways during the past five years and according to the estimate for 1909-1910, whether incurred directly by the State or through the agency of Guaranteed or Assisted Companies:—

	1904-1905.	1905-1906.	1906-1907.	1907-1908.	1908-1909 (Revised).	1909-1910 (Budget).
	£	£	£	£	£	£
Open lines, including rolling stock . . .	3,351,734	5,121,300	5,948,067	7,328,000	8,302,800	8,666,900
Lines under construction—						
(*a*) Started in previous years . .	3,246,066	3,663,073	3,526,066	3,006,800	1,554,100	1,099,800
(*b*) Started in current year . . .	590,800	215,057	176,667	...	143,100	233,300
TOTAL .	7,188,600	8,999,430	9,650,800	10,334,800	10,000,000	10,000,000

52. On the 31st March 1908 the total length of open lines was 30,206·25 miles classified according to gauge as follows:—

5′ 6″ gauge	15,931·52
Metre „	12,784·81
Special gauges (2′ 6″ and 2′)	1,489·92
TOTAL .	30,206·25

53. During the current year we have added to these approximately the following mileage:—

5′ 6″ gauge	141·72
Metre „	398·33
Special gauges (2′ 6″ and 2′)	234·21
TOTAL .	774·26

During the ensuing year we hope to increase this length by 731·61 miles more.

54. In the current year the return on the Capital at charge amounts to 3·69 per cent, as compared with 4·75 per cent in 1907-1908 and 5·38 per cent in 1906-1907. The rate of interest which we have taken for the year on the debt chargeable to railways is 3·31 per cent: but we have also annuities and sinking funds payments to meet, besides the cost of land and other minor debits to our railway revenue account. A calculation which takes all these factors into consideration shows that, for the first time since 1898-1899, our railway system has been worked at a net loss to the State.

55. The conditions which have led to this result are, we hope, exceptional and temporary; and the only point which requires further explanation is the high ratio of working expenses. Our expert advisers have in recent years pressed upon us the urgent necessity of raising the standard of our existing railways in order to enable them to deal adequately with traffic. The demand of trade on railways for transport facilities has increased so largely and so rapidly in recent years that it has been difficult for our lines to meet it efficiently. This was strongly urged in the report of the recent Committee on Indian Railway Finance and Administration. The type of permanent-way and girders laid down many years ago has in a number of cases become obsolete. Present day working requires more frequent train services, with heavier loads and more powerful engines than sufficed to meet the traffic requirements of even ten years ago, when the earnings of our railways were little more than half of what they are now. This involves the renewal of rails and girders that have proved too light for the loads they have to carry; and in other respects the rapid development of Indian commerce and industry is casting increased liabilities upon our railway administrations. We have a right to hope that, when these renewals have been carried to completion,

they will outlast a further considerable growth of traffic for years to come, and that the fruits of the present activity will be reaped in the future in a lower percentage of working expenses. For the present however it would be futile to conceal how serious an anxiety the recent activity in repairs and renewals has caused us, in the face of a heavy decline in our revenue. It will clearly be necessary to relax the pace at which these improvements are being carried out. We cannot allow our railways to become again, even temporarily, a net burden on the general tax-payer.

56. One of the unfortunate results of the heavy outlay on repairs and renewals has been to reduce our cash balances to a point which renders it impossible for us to make any substantial contribution from our current revenues towards the capital cost of railway development next year. The committee on Indian Railway Finance and Administration advised an annual expenditure of £12½ millions as railway capital. We find ourselves unable to act upon that advice for the coming year. We are prepared to borrow as much as we prudently can, but the depletion of our cash balances, owing mainly to the results of our railway working in the current year, debars us from supplementing our borrowing to the same extent as we should ordinarily endeavour to do. The consequence is that our railway programme for 1909-1910 has had to be kept down to £10 millions. We recognize that this must be a disappointment to those who believe that railway extension is one of the outstanding economic needs of the country; but we trust that a more liberal scale of expenditure will not be long deferred.

Irrigation.

57. The following table brings together in a convenient form the chief figures of Revenue and Expenditure connected with irrigation :—

	1905-1906.	1906-1907.	1907-1908.*	1908-1909, Revised.	1909-1910, Budget.
Productive Works.	£	£	£	£	£
Capital outlay to end of year	24,664,916	25,745,780	26,978,016	27,994,700	29,009,200
Direct receipts	1,813,919	2,307,959	2,160,389	2,229,700	2,207,600
Land Revenue due to Irrigation	959,098	999,989	1,035,088	1,079,700	1,071,300
TOTAL	2,773,017	3,307,948	3,195,477	3,309,400	3,278,900
Working Expenses	874,721	926,310	981,804	1,040,100	1,006,000
Interest	967,969	870,962	905,887	937,800	972,400
TOTAL	1,842,690	1,797,272	1,887,691	1,977,900	1,978,400
NET PROFIT	930,327	1,510,676	1,307,786	1,331,500	1,300,500
Protective Works.					
Outlay on construction to end of year	1,983,941	2,019,081	2,382,055	2,744,800	3,180,300
Direct receipts	55,237	34,272	47,625	37,000	49,300
Land Revenue due to Irrigation	9,681	6,992	5,445	7,300	7,300
TOTAL	64,918	41,264	53,070	44,300	56,600
Working Expenses	23,102	18,322	22,205	24,500	27,100
Interest	73,487	64,269	75,025	87,500	101,100
TOTAL	96,589	82,591	97,230	112,000	128,200
NET LOSS	31,671	41,327	44,160	67,700	71,600
Minor Works and Navigation.					
Direct receipts	164,673	183,705	232,045	214,500	214,800
Expenditure	937,334	856,898	838,728	881,400	906,700
NET LOSS	772,661	673,193	606,683	666,900	691,900

* The figures for 1907-1908 include the capital outlay to the end of 1906-1907 on the following Minor Works transferred to the productive class from 1st April 1907 :—

		R	£
United Provinces	Dun Canals	10,40,873	69,400
	Bijnor "	2,48,476	16,570
North-West Frontier Province.	Kabul River Canal	9,77,683	65,180
Madras	Shatiatope anicut system	4,07,014	27,130
	Tirrukkoyilur anicut system	3,33,259	22,220
	Cheyeru anicut system	3,98,916	26,600
	Poiney anicut system	2,30,767	15,390
	Lower Coleroon anicut system	14,89,605	99,310
	TOTAL	51,26,593	341,800

58.* On the 31st March 1908, 53,677 miles of main and branch canals and distributaries had been constructed, commanding 46 million acres of culturable land, the area irrigated in 1907-1908 being 20,964,531 acres. The productive works during that year yielded a net return of 8·20 per cent on the capital outlay of 4,047 lakhs of rupees after paying all charges exclusive of interest. The net profit to the State was 196 lakhs.

59.* The revised estimate for 1908-1909 shows a net profit of 200 lakhs on productive works and a net return on capital outlay of 8·11 per cent. On the 31st March 1909 we expect to have 54,942 miles of main and branch canals and distributaries constructed to command 47,300,000 acres of culturable land, and we hope actually to irrigate close on 22 million acres during the year.

60. In addition to the canals in operation, there are altogether 42 projects which are either under construction or awaiting sanction or being examined by the professional advisers of the Government. Of these 14 are productive and 24 protective. They are designed to irrigate 3·24 million acres and 3·71 million acres, respectively, at a total capital cost of 14½ and 29 crores, respectively. The former are expected to yield a net return of 8½ per cent on the outlay.

61. The most important work in progress is the Triple Canal Project of the Punjab, which fully utilises all the available labour in the northern part of that province. The progress continues to be satisfactory and is in advance of that contemplated in the project estimate. It is expected that two of these three large canals will be opened within three years' time. On the Upper Swat Canal, the hydro-electric works for supplying power to drive the drills for the Malakand tunnel are approaching completion. The Nar Nullah irrigation work in Baluchistan was sanctioned during the year and has been begun. The reservoir of this work will store 420 million cubic feet and irrigate on an average 3,268 acres annually, besides being very largely utilized for the improvement of Quetta Cantonment.

62. Of the works which are awaiting sanction, the most important is the Tendula Project in the Central Provinces. This project provides for the construction of a reservoir to store about 9,000 million cubic feet of water, with the necessary canal and distributaries for the irrigation of 263,400 acres annually, at a capital cost of nearly 100 lakhs. The tract which the work will serve has suffered severely in the past from drought, and the work is one which will possess great protective value.

63. In the Punjab, surveys are in progress in connection with the proposal to utilise the surplus water of the Sutlej for the irrigation of both British territory and Native State territories in Bahawalpur and Bikanir. Two other schemes of great importance are also being investigated, *viz.*, the Sardah-Ganges-Jumna Feeder and the Sind Triple Canal Scheme. The former contemplates the irrigation of parts of the Moradabad and Badaon Districts, which have not hitherto been irrigated; it will also increase the irrigation on the Upper and Lower Ganges and Agra Canals, and provide an additional supply for the Western Jumna Canal in the Punjab. The scheme, which promises to be productive, is likely to bring 1,200,000 acres under irrigation and to involve an outlay of about 7 crores of rupees.

64. A reference to the Sind project was made in paragraph 81 of last year's Financial Statement. Preliminary forecasts show that the portion of this scheme in British territory will cost from 10 to 12½ crores. The work promises to be highly remunerative, and its inception is due to the great need for extended irrigation in Sind and the precarious character of the present system of irrigating by inundation.

Ways and Means.

65. The Ways and Means of the coming year are discussed in detail in Part II of this Statement. Put in its simplest form, our calculation may be described as follows. On one hand, our means consist of our net revenue; our prospective loans, both permanent and temporary; the amount which we take from the Famine grant and use for capital expenditure; the additions during the year to our unfunded debt to the post office savings bank, etc.; certain miscellaneous deposits and remittances which, broadly speaking, are available for investment; and the sums which railway companies may be able to borrow in England for the State lines which they work. On the other side we take, as the demands upon our resources, the capital expenditure on railways and

* The figures of mileage and acreage in paragraphs 79 and 80 of the last Financial Statement were vitiated by a clerical error, and do not compare with the statistics here given.

major irrigation works; the discharge of permanent or floating debt; and our net outgoings in loans and advances to public bodies, agriculturists, and the like.

66. For 1909-1910 our requirements will be £11,000,000 for capital outlay on railways and irrigation works, and £308,600 for the discharge of permanent debt. Thanks to the recovery of famine advances, our loan and advance account will bring us a net receipt of £282,300: which may accordingly be set off against our liabilities, thus reducing them to £11,026,300. As provision for this amount, we have the £230,900 of surplus revenue; £295,600 which we appropriate from the famine grant; £2,823,700 which the Secretary of State has still to receive out of the sterling loan floated by him in January; £853,500 of unfunded debt; and £416,500 of net deposits and remittances. These items total to £4,620,200 and leave us still to find £6,406,100. This we intend to do by borrowing 2½ crores of rupees or £1,666,700 in India, and by raising £2,400,000 through companies in England. The remainder, *viz.*, £2,339,400, will accrue by a reduction in our general cash balances. We have to build up our treasury resources in India: but our balance in England is at present high, owing to the recent sterling loan. We expect to close on the 31st March 1910 with £12,262,523 in our treasury in India and £3,328,689 in England.

67. The announcement regarding borrowings is made subject to the usual reservation, and the Government of India retain full discretion to vary the programme, as now declared, in any way and to any extent that may be thought advisable.

68. The present intention of the Secretary of State is to draw bills on India for £16,200,000, but this also is subject to a similar reservation. The figure represents a forecast of the Secretary of State's requirements; but additional bills will be sold, so far as may be, if needed to meet the demands of trade.

Note Circulation.

69. The statements below give the usual information concerning the note circulation and the Government balances with the Presidency Banks. The first of the two statements shows separately (1) the gross circulation, or the total value of the notes against which we hold coin, bullion or securities, and (2) the so-called net circulation, which excludes the notes held by the Reserve Treasuries, and by the Presidency Banks at their head offices.

Circulation of Currency Notes.

[Lakhs of rupees.]

	1904-1905.	1905-1906.	1906-1907.	1907-1908.	1908-1909 (11 months).
GROSS CIRCULATION.					
Average	39,20	41,52	45,14	47,32	44,43
Maximum	42,52	44,66	47,30	52,74	48,10
Minimum	36,11	39,63	42,89	41,82	42,07
NET CIRCULATION.					
Average	30,69	32,83	35,92	36,47	34,66
Maximum	31,82	35,35	38,89	38,14	36,24
Minimum	29,63	31,06	33,08	34,91	32,88

Government Balances with the Presidency Banks.

[Thousands of rupees.]

	1903.	1904.	1905.	1906.	1907.	1908.	1909.
January	3,07,63	2,69,52	2,92,99	2,89,83	3,04,47	3,01,34	2,91,75
February	3,32,02	2,91,84	3,00,50	3,23,28	3,03,50	3,21,39	2,97,84
March	3,36,91	3,26,74	3,43,40	3,81,06	3,48,60	3,84,87	
December	2,79,07	3,01,32	2,76,70	2,97,68	3,12,84	2,86,91	

70. The last occasion on which there was a fall in both the gross and the net circulation was in 1897-1898, and the last drop in the net circulation alone occurred in 1901-1902; both of these having been famine years. In the current year the same features recur: the true circulation is affected by the withdrawal of notes from hoarding, while the lowness of our general balances has compelled a reduction in the amount which we keep in our reserve treasuries. There is no reason to fear any weakening in the popularity of our paper currency; indeed, the demands are all for its extension and greater elasticity. We have recently been able to do a little in this direction by bringing Burma within the range of the universal five-rupee note, and proposals for a further advance are now engaging the attention of the Government.

Coinage and the Mints.

71. The gross outturn of the rupees at the Mints during each of the last five years has been as follows:—

	Lakhs.
1904-1905	10,88
1905-1906	19,60
1906-1907	25,37
1907-1908	17,33
1908-1909 (Estimate)	2,44

As soon as exchange began to set against us in November 1907, and the sale of Council Bills to decline, the output of the Mints was curtailed; the purchase of further silver had been stopped some months before. The coinage of bullion already in store provided a certain amount of work until the beginning of April 1908, when all work—both on purchased silver and the re-minting of withdrawn rupees—was closed. Since then, there has been no coining of new silver; though the heavy accumulation of uncurrent coin in our treasuries compelled us to start re-minting them last October. Most of the uncurrent coin has been now worked off; and the Mints must remain idle, so far as rupee coinage is concerned, for some time to come.

72. During the earlier part of the year, the Calcutta Mint was busily engaged on the coinage of bronze, for which there was a great demand in the areas of famine relief. With the closing of relief works, the coins began to return from circulation, and there is very little doing at present. In the Bombay Mint the production of the one-anna nickel has been actively continued, and the output for the year is expected to be 20 millions of pieces. The demand for this useful coin is well maintained, though there has been a slight reaction in the United Provinces after the large issues for famine relief outlay last year. Up to the end of January 15 millions of pieces with a face value of 9⅜ lakhs of rupees, had been taken at our treasuries. Bombay is our chief customer, but most of the other parts of India—and now Bengal in particular—are taking kindly to the coin. A groundless rumour that Government meant to withdraw the one-anna piece checked the circulation in Burma for a time; and counterfeits are occasionally found, but they are usually poor attempts and easy of detection. We recently caused enquiries to be made as to the possibility of a half-anna nickel, though Government has no intention of taking any further steps in the matter until the popularity of the existing coin is thoroughly established.

Exchange.

73. In the Financial Statement of a year ago, my predecessor narrated the startling events which in the autumn of 1907 broke the even course that the exchange value of the rupee had pursued during the preceding decade. He traced the recovery of exchange after the shock which the markets of the world had sustained from the crisis in America, and he explained the measures which had been taken by the Government of India to support it. It seemed at the time to have steadied at gold point or over; but its natural position was one of great weakness; for the balance of trade had already become unfavourable to India. The general financial depression in America and elsewhere had seriously checked the foreign demand for our manufactured jute; the exports of the new crop of raw jute had been disappointing; and our cotton had turned out badly. Mainly owing to the weakness of these great staples, the last six months

of the financial year 1907-1908 showed a net import of the value of 3·22 crores, whereas for the same half of 1906-1907 the weight had been entirely in the opposite scale, with net exports of the value of 16·15 crores. The trade demand for rupees had ceased in consequence and a demand for gold was bound to take its place. During February 1908 the Secretary of State had remitted only $1\frac{1}{2}$ crores to India, against $6\frac{3}{4}$ crores in February 1907; and instead of selling 4 crores of bills or more, as he frequently does in March, his drawings for that month dropped to the negligible figure of 26 lakhs. Had India been fortunate in a good spring harvest, recovery might still have been possible But the bad monsoon of 1907 now began to exercise its malign influence upon our foreign trade. The export of oil-seeds in January and February was less than half of what it had been a twelvemonth earlier. The spring harvest of food grains in Northern India was short; high prices pointed to depleted stocks; and there would clearly be no wheat to spare for export in the following autumn. To these changed conditions the import trade had not yet had time to adjust itself, and the inrush of piece goods, metals, sugar and treasure continued, as well as heavy arrivals of railway material. Everything thus combined to pull down exchange, and on the 25th of March, 1908, it dropped below specie point. The arrangement which my predecessor described at once came into operation; and on the following morning a notice was published that the Government of India were prepared to sell sterling bills on London at 1*s.* $3\frac{29}{32}d.$, up to a limit of £500,000. The offer was continued until the close of the famine and the improved agricultural prospects restored exchange to normal health. The practice was to offer £500,000 every week, raising the amount to £1,000,000 on occasions when the market seemed to require additional assistance. There were only two weeks in which the tenders exceeded our allotments, and it is believed that the requirements of all genuine remitters were adequately met. Applications for bills stopped in the middle of August, although we kept our offer open as a precautionary measure for another month; and in September the Secretary of State began to remit substantial amounts in the opposite direction.

74. During the five months (April to August 1908) of our fight against the fall in exchange, we sold sterling bills for a total amount of £8,058,000.* The par value of the bills was paid into the silver branch of the Gold Standard Reserve in India; the Secretary of State making corresponding withdrawals of gold from the Reserve in London,—a process which necessitated the selling out of securities with a face value of £8,100,497, besides the disbursement of all accruing interest. During the first five months of the current year therefore we withdrew 12 crores of rupees from circulation in India; but we did so at the cost of reducing our gold reserve in London (exclusive of our currency gold) to under £$6\frac{1}{2}$ millions. It is most sincerely to be hoped that a succession of better years will enable us to recoup this very serious depletion, and to place our Gold Standard Reserve on a sound footing.

75. One of the minor influences which aggravated the effects of the adverse balance of trade was a heavy import of bar silver on private account. When it became clear in the autumn of 1907 that the Government of India would require no more silver for coinage in the near future, there was a sharp fall in the price of the metal. China, the other great consumer, was experiencing a surfeit of silver for the time being; and the United States, France and Germany were not buying in appreciable quantities. The rate dropped from 32 pence an ounce in August to 24 pence in December, 1907; there was then a slight recovery; but during the whole of the current year it has been weak with a downward tendency, having for some time touched 22 pence, the lowest quotation since January 1903. The result has been a remarkable stimulus to the import trade in silver; in October last, London despatched to Bombay the largest shipment, I am told, which had ever left England for India; and this record was again broken in December. It is generally believed that the supply outran the genuine demand. But, be that as it may, the fact remains that, despite the presence of famine in the land, the value of imports of silver on private account has been greater than in any of the ten preceding years. Up to the end of January it was 13 crores of rupees against $9\frac{1}{3}$ crores in the same 10 months of 1907-1908, while the actual volume of metal was $76\frac{1}{2}$ million ounces against 46 million. Its effect was of course to swell the imports at a time when there was virtually no outward trade to pay for them, and thus to protract the weakness of exchange.

*It is an interesting coincidence that, during the same five months, our foreign sea-borne trade showed a net decline in exports of 12·07 crores as compared with the corresponding period in 1907.

76. From September onwards, however, we fortunately found ourselves in smoother waters. The rush of piece goods was at last checked; and although there was a disquieting excess of imports in October (chiefly owing to heavy arrivals of silver) which almost stopped the Secretary of State's drawings for a few weeks, the balance of trade became decidedly more favourable towards the end of November, and in December there was a material change for the better. It is true that the improvement was due mainly to a tardy curtailment in imports; but there was also a revival in the outward trade; and the prospects of the spring crops were good. Exchange moved up to 1*s.* $3\frac{15}{16}d.$, and the weekly drawings at the India Office rose on the 30th of December to the high figure of 150 lakhs, the heaviest regular allotment on record. This did not of course continue, and during the long period of waiting for the winter rains, there were some signs of nervousness; but the Secretary of State has been able to sell steadily up to now, and the rate of exchange shows no signs of again receding from 1*s.* $3\frac{29}{32}d.$

77. A regrettable, though entirely natural, feature of the period which I am now reviewing has been the exhaustion of the Government supply of gold in India. Complaints are frequently heard of the scarcity of gold in circulation, and I have seen it seriously suggested that Government has stopped the manufacture of sovereigns in India because they found it not profitable enough! The fact of course is that no gold is coined in India, and that we are wholly dependent on the ordinary operations of trade for our supply of sovereigns and half-sovereigns. When our exports are active and exchange strong, there is a free natural flow of gold into India, the sovereigns coming mostly from Australia in the course of a triangular adjustment of her liabilities in Europe. When, on the contrary, export is dull and imports abundant, the tendency would be for gold to flow out of India on balance. The latter has been the condition of affairs in the current year. The import of gold bullion has declined, though not more than might be expected from the large competitive purchases of bar silver. But the inflow of sovereigns has virtually stopped. During the last five years, the annual average import was £$6\frac{2}{3}$ millions; up to the end of December of this year, it was barely £$\frac{3}{4}$ millions. The natural result was a run upon the stock held by Government. The tendency to demand sovereigns for export was checked by the freedom with which we sold gold bills on London. But gold for internal use was drawn out from our currency offices until we could give no more. In October 1907, when our troubles began, we held £$4\frac{1}{4}$ millions in our currency chests, treasuries, and mints in India; in April last, our stock had fallen to £$2\frac{1}{2}$ millions; in September, it dropped below £1 million; and it is now roughly at the negligible figure of £100,000. So long as we issue sovereigns at par, and they sell in the bazaar at a premium, the result could not be otherwise. We are receiving practically no fresh supplies from outside, and the consequence is that we have been compelled to stop further issues. No additions to the gold in circulation can now be expected until a revival in exchange stimulates the natural import. I may note incidentally the significance of the steadiness shewn by the export figures during all this period of low exchange. Except for some small amounts of sovereigns which were taken from us ostensibly for export, there has practically been no increase in the outflow of gold, in the form either of coins or of bullion; partly of course because the inflow has stopped, but also because the comparative absence of the banking habit in the country makes it impracticable to collect with promptitude large quantities of gold, even when they could be exported at a profit.

78. The Council will not expect me to dwell on the obvious lessons to be drawn from the events of the year. Whatever else they have taught us, they have, I trust, demonstrated that the Secretary of State and the Government of India recognise the prime importance of supporting exchange to the extent of our available resources. And they point to the necessity for husbanding and developing those resources, and particularly to the duty of building up our stock of gold at the earliest opportunity, and of substantially adding to it in favourable years.

Conversion of the Three per cent Rupee Loan.

79. An interesting episode of the current financial year has been the offer which we made at the beginning of last November to the holders of our Three per cent loan of 1896-1897. The conversion of the interest on national debt from a lower to a higher rate is a reversal of the process at which Governments ordinarily aim, although it has

once before been found necessary in India, when the $3\frac{1}{2}$ per cent loan of 1853-1854 was absorbed in the 4 and $4\frac{1}{2}$ per cent loans which were raised in 1856 and subsequent years. But unusual though the operation was, we determined with the Secretary of State's approval to embark upon it, in the interests of the holders of our Three per cent stock.

80. The history of our 3 per cent loan has been a curious one. Before 1893, except for one abortive attempt forty years earlier, our borrowings in India had been at 4 per cent and over. In that year, we floated our first $3\frac{1}{2}$ per cent loan, and in 1894 we converted the great bulk of our older debt into three-and-a-halfs. These were the halcyon days of gilt-edged securities, and conversion was in the air. Consols were rising, in spite of their reduction from 3 to $2\frac{3}{4}$ per cent in 1889, until eight years later they touched 114. In India, our 4 per cents rose from par in 1889 to over 107 in 1893, and the $3\frac{1}{2}$ per cents which then took their place rushed up from 97 to 110 in 1896. The time seemed to be ripe for a further reduction of interest, and the first step in this direction was taken by issuing the annual loan in 1896—4 crores on this occasion—at 3 per cent. The loan was a great success, being subscribed several times over, and taken up at an average price of 103. On the strength of this, several outstanding $3\frac{1}{2}$ per cent loans, for the duration of which there had been no guarantee, were converted in 1894 into 3 per cent stock, to the extent of about 5 crores; and subsequently 2 crores more of 3 per cent paper were issued and put in the Paper Currency Reserve. These operations were barely completed when the situation changed. The great famine of 1896-1897 was followed by plague and earthquake. Money became extremely dear. The Bank of Bengal rate bounded up, in the last half of 1896, from 3 per cent to 10 per cent, where it stood without interruption from Christmas 1896 till June 1897. The result was a serious fall in the price of securities. Within a year after the flotation of our 3 per cent loan, our $3\frac{1}{2}$ per cent stock was down to par, and our 3 per cents were quoted at 95 in a falling market. Government were thus compelled to revert to $3\frac{1}{2}$ per cent for their annual loan in 1897, and we have never borrowed at 3 per cent in India again.

81. Excepting for a temporary recovery in 1899, the 3 per cent securities have steadily declined in value. The time has passed when the public were satisfied with this rate of interest. Moreover, the stock is comparatively small in amount. Much of it is tied up in reserves, trustee investments, charitable endowments, and the like. There is no immediate prospect of our being able to add to it by further borrowing at 3 per cent. As a consequence there is not a natural market for the stock, and whatever popularity it enjoyed has wholly disappeared. The price fell to 78 or 79, and has recently fluctuated between that and 80 or 81; and even these quotations were nominal, as sales were often effected with difficulty and only for small amounts. We had cases in which our own officers, acting as trustees of charitable funds, were unable to realize holdings of 3 per cent paper without delay and resultant hardship. The unmarketable condition of the stock gave rise to much discontent; and it was clearly undesirable that any class of our public securities should fall into such general discredit.

82. The matter came to a head last hot weather, when we were addressed by the Chambers of Commerce of Madras, Bombay, Bengal, Karachi, and Upper India, with a unanimous request that we should give holders of 3 per cents the option of converting into $3\frac{1}{2}$ per cents. To these weighty opinions was added a memorial from a highly influential body of large investors and dealers in Government securities in Calcutta, headed by the Bank of Bengal, in which an almost identical proposal was put forward. It was felt that the movement was a reasonable one in the peculiar circumstances, and that a rigid adherence to our legal rights would be inexpedient and ungracious. No time was lost therefore in placing our recommendations before the Secretary of State; and on the 3rd of November we published an offer of conversion, to take effect in India and England simultaneously on the 19th of that month.

83. The terms of the conversion are simple and intelligible; their object being to give the holder the necessary quantity of stock of the new denomination to yield him, by way of interest, exactly the same income as he is entitled to upon his present holding. In exchange therefore for all 3 per cent paper tendered to us we deliver $3\frac{1}{2}$ per cent paper having a face value which is six-sevenths of the face value of the Notes which were tendered. As we give paper only in multiples of R100, any remainder is adjusted either by the tenderer receiving Notes or, if he so prefers, paying cash. I would invite the special attention of the Council to the fact that, for all practical purposes, these were

the conditions which the Chambers of Commerce and the memorial from the mercantile community of Calcutta urged us to put forward. That they have been considered satisfactory, may be assumed from the steady progress which the conversion has made. We estimate that by the end of this month we shall have received 3 per cent paper for R1·20 crores net, and issued in exchange 3½ per cent paper for R1·03 crores, receiving cash payments of R18,000 on balance. It is our intention to keep the offer open for so long as there is an evident desire to take advantage of it; and it will not in any case be withdrawn without six months' previous notice. Meanwhile, the holders have the satisfaction of knowing that their stock can be made negotiable whenever they wish. Their income from interests will be unimpaired; and as their new holdings, even at R93-6-0, will be worth as much in the market as their former holdings were at R80, we may trust that the value of their capital will in time be substantially appreciated.

84. It is to be regretted that the attempt to put a Government loan on the Indian market at 3 per cent has ended in this manner. The great change however that has taken place during recent years in the value of first-class securities has made it useless to offer a lower rate of interest than 3½ per cent for the time being; and it was clearly inadvisable that our credit should be hampered by the results of an experiment which must now be regarded as having been premature.

The Public Debt of India.

85. With the heavy programmes of capital expenditure which we now aim at financing, attention naturally turns to the growth of the national debt of India. Fifty years ago, when the Government was taken over by the Crown, the public debt (putting the rupee at two shillings) was £71·7 millions. During the thirty years that followed,—a period of rapid railway development, which included also the Afghan War and the great famine of 1877-1878—that figure was doubled; and the movement thereafter is given at quinquennial intervals in the statement below:—

[Millions of £ Sterling.]

	Held in sterling.	Held in rupees (converted into sterling at R15=£1).	Total.	Interest payable.
	1	2	3	4
On 31st March—				
1888	84·1	65·4	149·5	6·2
1893	106·7	68·6	175·3	6·7
1898	123·3	74·4	197·7	6·7
1903	133·8	78·2	212·0	7·1
1908	156·5	88·5	245·0	8·0

(The figures exclude temporary debt.)

86. The volume of our debt has thus augmented by 64 per cent in twenty years; and the interest charges, in spite of cheaper money, by nearly 30 per cent. So far however from imposing any additional burden on the tax-payer, this increase has had exactly the opposite effect; the reason lying of course in the growing proportion to our total debt of that part which represents profitable investment in railways and irrigation works. The

following table discriminates between our productive, and our ordinary or non-productive, debt :—

[Millions of £ Sterling.]

	Ordinary debt.	Public Works Debt.			Grand total of debt (columns 1 + 4).
		Railways.	Irrigation.	Total.	
	1	2	3	4	5
On 31st March—					
1888 . . .	73·0	59·2	17·3	76·5	149·5
1893 . . .	65·0	91·0	19·3	110·3	175·3
1898 . . .	70·0	106·0	21·7	127·7	197·7
1903 . . .	59·1	128·1	24·8	152·9	212·0
1908 . . .	37·4	177·7	29·9	207·6	245·0

(These figures do not altogether correspond with those given in the Finance and Revenue Accounts of the years in question, except 1907-1908; the adjustments are explained in paragraph 25 of last year's Financial Statement.)

87. Our unremunerative debt has thus shrunk, in the last twenty years, from being nearly one-half to being just over one-seventh of the total volume of our outstanding loans. The reduction, as has often been explained before, reflects approximately the extent to which, during this period, current revenues have been devoted to capital expenditure.

88. To determine the actual burden of our debt charges, it is necessary to ascertain :—

(*a*) the interest on ordinary debt;
(*b*) the interest on Railway debt, as compared with the net ordinary receipts from railways; that is, gross receipts less working expenses and other charges against the Railway revenue account;
(*c*) the interest on the Irrigation debt, as compared with the net ordinary receipts from Major Irrigation works.

This is done in the following statement, which also shows the total net interest charge on the whole debt after deduction of the net receipts from Railways and Canals :—

Year.	Interest on Ordinary Debt.	Interest on Railway Debt.	Net receipts from Railways (that is, gross receipts *less* working expenses and other charges).	Interest on Irrigation Debt.	Net receipts from Major Irrigation Works.	Total interest on Public Works Debt (columns 3 and 5).	Total net receipts from Railways and Major Irrigation Works (columns 4 and 6).	Actual net interest on Public Works Debt (column 7 *less* column 8).	Total net Interest charges (columns 2 and 9).
1	2	3	4	5	6	7	8	9	10
1887-1888 .	3·3	2·2	0·8	0·7	0·6	2·9	1·4	1·5	4·8
1892-1893 .	2·7	3·4	1·9	0·8	0·9	4·2	2·8	1·4	4·1
1897-1898 .	2·0	3·9	3·0	0·8	1·6	4·7	4·6	0·1	2·1
1902-1903 .	1·4	4·7	4·9	1·0	1·7	5·7	6·6	—0·9	0·5
1907-1908 .	1·3	5·8	7·3	1·0	1·2	6·8	8·5	—1·7	—0·4

A *minus* sign denotes excess of net Railway and Irrigation receipts over interest charges.

It will thus be seen that, though originally the net ordinary receipts from Railways and Major Irrigation Works failed to meet the interest charge, they now show an aggregate net surplus of 1·7 millions, as against a burden of 1·3 millions which the service of the ordinary debt imposes on the tax-payer. Consequently, on the 31st March 1908, our Public Works borrowings had enabled us to pay the interest on our whole debt, and to secure a net surplus of 0·4 millions, whereas in 1887-1888 the actual net burden of debt was 4·8 millions.

89. In dealing with these figures, I have not taken into consideration :—

(*a*) our obligations on account of savings banks and other repayable deposits.
(*b*) the debts due to Government on account of advances to Native States, local bodies, agriculturists, and so forth.

These two classes of liabilities with the interest payable on them, almost balance each other.

90. I append a statement showing the national debts of a number of the chief countries of the world, arranged in the order of the weight of debt per inhabitant. Had it been practicable, it would have been of interest to divide these into productive and non-productive, as has been done in the case of India, but it has not been possible to obtain the necessary statistics. It is well known however that in most countries the proportion which the productive debt (where any exists) bears to the whole is far smaller than in India. Even if no allowance be made for this highly important factor, the figures bring out the strength of India's position in regard to the relative smallness of her debt, and the lightness of the interest charge in proportion to her population and revenues. I have obtained figures showing the annual charge sustained by each country in respect of its debt, but the arrangements in regard to redemption and sinking funds vary so widely that it would be misleading to exhibit them in a comparative form. It may, however, be of interest to mention that the gross charge of £8 millions borne by India represents only 8*d.* per head of the population, and is less than one-sixth of the corresponding burden borne by the individual citizen of any other country in the list.

National debt of the chief countries in the world.

Figures for the year 1905 or 1905-1906 but in Japan for 1906-1907.

	Public Debt.	Population.	Debt per head of population.	Annual Revenue.	Column 1 divided by column 4.
	1	2	3	4	5
	£		£ s. d.	£	Years.
1. Australian Commonwealth	236,681,000	4,053,000	58 7 11	30,612,000	7·7
2. Portugal	179,000,000	5,423,000	33 0 2	13,796,000	13·0
3. France	1,228,092,000	39,250,000	31 5 9	147,536,000	8·3
4. Spain	379,122,000	18,618,000	20 7 3	40,867,000	9·3
5. United Kingdom	788,990,000	43,659,000	18 1 5	143,674,000	5·5
6. Belgium	128,837,000	7,161,000	17 19 10	26,090,000	4·9
7. Netherlands	94,956,000	5,592,000	16 19 7	14,390,000	6·6
8. Italy	499,013,000	33,733,000	14 15 10	87,168,000	5·7
9. Canada	77,715,000	5,371,000	14 9 4	15,568,000	5·0
10. Austria-Hungary	618,794,000	45,405,000	13 12 7	149,910,000	4·1
11. Germany	815,407,000	60,641,000	13 8 11	338,186,000	2·4
12. Russia	884,631,000	129,194,000	6 16 11	268,834,000	3·3
13. Turkey	113,593,000	24,029,000	4 14 6	17,500,000	6·5
14. Japan	227,226,000	48,864,000	4 13 0	53,290,000	4·3
15. United States	249,630,000	83,942,000	2 19 6	194,302,000	1·3
16. India	245,034,000	230,189,000	1 1 3	73,423,000	3·1

91. I have held office for but five months, too brief a period to admit of my expressing an authoritative opinion on the financial position in India. I concede that the immediate situation precludes any indulgence in optimism; I recognise that estimating in this country is largely a gamble in rain, and I have no desire to minimise the difficulties, which it would be folly to ignore, attaching to Currency and Exchange, to the present position of the Gold Standard Reserve and the weakness of our cash balances. But on the other hand I find no evidence of any adequate cause for pessimism, and I can see no reason why, with a due regard for economy, favourable harvests and a period of peace, we should not look forward to a return of that prosperity which has characterised former years.

GUY FLEETWOOD WILSON,

March 22, 1909.

PART II

BEING A MEMORANDUM BY THE FINANCIAL SECRETARY EXAMINING THE DETAILS OF THE ACCOUNTS AND ESTIMATES.

Section I.—The Accounts of 1907-1908.

Introductory.

92. The figures of revenue and expenditure for 1907-1908, entered in the Financial Statement and its appendices, as well as the figures for 1905-1906 and 1906-1907 entered in Section IV below, differ from those given in the published Finance and Revenue Accounts. The reason is that while the latter include Local transactions, the figures now given exclude them, except in the case of certain funds which were not truly of a local character and which were absorbed in the general revenues with effect from the 1st April 1908. The necessity for this re-arrangement of the figures was explained in paragraph 101 of last year's Financial Statement.

93. The variations between the figures finally entering into the Finance and Revenue Accounts for 1907-1908 and the corresponding figures taken in the Budget and Revised Estimates of the year are fully explained in the Appropriation Report published in the *Gazette of India* of the 13th instant. The more important variations between the re-arranged figures of the Revised Estimate and of the final Accounts of the year are briefly noticed below.

1907-1908. Statement of the general result.

94. The following is a general comparison of the Revised Estimates with the Accounts of the year:—

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
	£	£	£	£
Total Revenue, Imperial and Provincial . . .	70,989,200	71,003,275	14,075	...
Total Expenditure, Imperial and Provincial	71,780,800	71,718,415	62,385	...
Adjustment of Provincial Surplus + or Deficit — . . .	—1,027,000	—1,021,186	...	5,814
NET .	70,753,800	70,697,229	56,571	...
SURPLUS .	235,400	306,046	70,646	...

95. The revenue was higher, and the total expenditure smaller, than the Revised Estimate, the net improvement being £76,460. Of this £5,814 occurred in the Provincial Section of the accounts, and £70,646 in the Imperial Section.

1907-1908. Variations in revenue.

96. The more important items which contributed to the increase of £14,075 in revenue are: Land Revenue (including that due to Irrigation) (£203,055), Opium (£22,086), Stamps (£24,349), Excise (£29,210), Customs (£40,494), Assessed Taxes (£22,013), Tributes (£25,920), Exchange (£34,511), Direct Receipts of Major Irrigation Works (£26,714) and Military Receipts (£20,833); while there was a falling off of £430,069 under Railways, besides smaller sums under other heads.

97. The variation under Land Revenue was caused by the allowance made in the Revised Estimate for the effect of the unfavourable agricultural conditions on the collections in March 1908 having proved too large in some of the provinces and too small in others; in Bombay and the United Provinces, the

collections exceeded the Revised Estimate by £173,115 and £95,938 respectively, while in Madras and the Punjab they fell short of expectation by £26,145 and £17,818. The duty proferred on Malwa opium during March was exceptionally heavy owing to an unusually good crop and to the general belief that limits were about to be imposed on the exports from Bombay (the orders actually issued on the 27th of March). The improvement under Stamps took place chiefly in Madras and the United Provinces; and that under Assessed Taxes in Bengal and Bombay. Of the increase under Excise, £22,440 occurred in Bombay and was caused by the advance recovery of license fees for the following year. The increase in Customs was largest under the excise duty on cotton and the import duty on silver, other metals and cotton manufactures. The improvement under Tributes was due to an unexpected recovery of arrears and to the postponement till the following year of certain remissions which were intended to be adjusted during the year. The greater part of the increase under Exchange was caused by the average rate at which remittances were made to the Secretary of State being somewhat better than was anticipated. The improvement in the Direct Receipts of Major Irrigation Works was due to the realisation of arrears in Burma, and to the loss of revenue from the failure of certain crops on the Lower Chenab Canal in the Punjab being smaller than was apprehended. The enhancement under Army was mainly the result of an increased receipt from the Imperial Government on account of the capitation rate payable in respect of Indian regiments lent for service in the Colonies.

98. The large decrease under Railways was caused chiefly by a falling off in the net traffic receipts of the following lines: North Western(£141,200), East Indian (£112,700), Great Indian Peninsula (£81,100), Eastern Bengal (£63,900) and Oudh and Rohilkhand (£30,500). The effect of the famine on the gross receipts of the first three lines proved larger than was anticipated; while in the case of the East Indian and the last two lines the expenditure on renewals and repairs towards the close of the year exceeded expectation.

1907-1908. Variations in expenditure.

99. The saving in expenditure was the net result of decreases and increases under a number of heads. The more important decreases occurred under Land Revenue (£21,160), Stamps (£56,591), Interest on the public debt (£34,403), Miscellaneous (£51,125), and Military Services (£104,713), and the more important increases under Post Office (£55,620), Police (£28,354), Education (£39,492) and Famine Relief (£106,262).

100. The decrease under Land Revenue charges was caused chiefly by smaller expenditure on Survey and Settlement operations in Bengal. The estimate of the total Interest payments in March also proved somewhat excessive. The decrease under Stamps, and the increase under Post Office, were mainly brought about by a change in the method of accounting under which the cost of postage stamps used for postal purposes (£58,163) was recorded under the latter, instead of under the former head. Of the saving under Miscellaneous, £40,683 occurred in the United Provinces, where smaller contributions in aid of balances were required by District Boards, owing to their having received larger grants for educational and other specific purposes which were recorded in the accounts under the appropriate heads. The decrease under Military Services was chiefly due to short outlay in India on the special measures for the improvement of the Army and to lapses in the provision for the purchase of marine stores in England.

101. The large increase in Famine Relief expenditure occurred almost wholly in the United Provinces. That under Education was due to larger grants to District Boards in the United Provinces and to heavier expenditure, towards the close of the year, on grants-in-aid in Bengal. Police expenditure was underestimated in Burma, the United Provinces and the Punjab.

1907-1908. Reduction in the Provincial Deficit.

102. The reduction of £5,814 in the Provincial deficit was the result of increases of £123,204 and £117,390 in revenue and expenditure respectively. The former represents mainly the provincial share of the increases under Land Revenue, Stamps and Excise mentioned in paragraph 97. Of the increase in expenditure, about half is explained by the provincial share of the excess under Famine Relief. The rest was made up of the variations under Police, Education and Miscellaneous mentioned above, together with an excess of £47,288 over the estimate for Stationery and Printing.

Section II.—The Revised Estimate of 1908-1909.

103. The following is a general comparison of the Revised Estimate with the Budget Estimate of 1908-1909:— *1908-1909. Statement of the gross figures.*

	Budget.	Revised.	Revised better.	Revised worse.
	£	£	£	£
Total Revenue . . .	73,438,900	69,628,600	...	3,810,300
Total Expenditure . . .	73,392,500	74,111,200	...	718,700
Adjustment of Provincial Surplus or Deficit	—525,100	—762,100	237,000	...
Net . .	72,867,400	73,349,100	...	481,700
Surplus (+) or Deficit (—) .	+571,500	—3,720 500	...	4,292,000

104. It is now anticipated that the total revenue will be less than the total expenditure by £4,482,600; of this deficiency £762,100 will appear in the Provincial section of the estimates and the Imperial deficit will amount to £3,720,500. The heavy deterioration of £4,292,000, as compared with the surplus of the Budget, is the net result of decreases of £4,350,300 and £58,300 respectively in the Imperial revenue and expenditure. Under Provincial, there are increases of £540,000 and £777,000 in the revenue and expenditure respectively, so that the Local Governments will draw from their Provincial balances £237,000 more than was anticipated in the Budget. As a whole, therefore, the Revised Estimate shows a deterioration of £4,529,000. *1908-1909. General.*

105. The increase in the revenue of Provincial Governments is, however, due wholly to assignments from Imperial revenues in excess of the amounts provided in the Budget, which have led to a reduction in the Imperial share of Land Revenue receipts by a corresponding increase in the Provincial share. If these assignments were eliminated, the true decrease of revenue in the Imperial section would be £3,576,400 and the improvement in the Provincial section would be transformed into a decrease of £233,900. The excess transfer of Imperial revenue to Provincial Governments has thus amounted to £773,900. Of this £587,500 represents the special assignments in aid of the provincial balances in Eastern Bengal and Assam, Bengal and the United Provinces, and £66,700 is the special grant to the last-named province in connection with the revision of its financial settlement (*vide* Section VI); £91,700 is the aggregate of the subventions given to the various Provincial Governments to cover the special expenditure on account of the bonus given to certain classes of Government servants in connection with the fiftieth anniversary of the assumption of the Government of India by the Crown; and the remaining £28,000 is the net result of a number of miscellaneous adjustments between Imperial and Provincial revenues in the various provinces.

1908-1909. Variations in Revenue.

106. The more important of the variations resulting in the large decrease of revenue are the following:—

Heads.	Budget, 1908-1909.	Revised, 1908-1909.	Increase + Decrease —	
	Lakhs.	Lakhs.	Lakhs.	£
Decreases—				
State Railways (net receipts) .	20,51·58	14,97·78	−5,53·80	−3,692,000
Land Revenue (including share due to Irrigation) . .	31,55·02	31,17·47	−37·55	−250,400
Salt	5,10·33	4,82·50	−27·83	−185,500
Mint	40·82	18·48	−22·34	−148,900
Customs	7,50·05	7,27·84	−22·21	−148,000
Forest	2,76·81	2,55·20	−21·61	−144,100
Direct Receipts of Major Irrigation Works . . .	3,53·60	3,40·01	−13·59	−90,600
Interest	1,52·18	1,38·91	−13·27	−88,500
Telegraph	1,55·68	1,42·80	−12·88	−85,900
Post Office	2,86·81	2,75·12	−11·69	−78,000
Army	1,32·18	1,26·28	−5·90	−39,300
Increases—				
Opium	7,26·43	8,82·63	+1,56·20	+1,041,300
Marine	11·82	18·81	+6·99	+46,600
Other heads (Net) . .	24,12·52	24,20·46	+7·94	+53,000
Total .	1,10,15·83	1,04,44·29	−5,71·54	−3,810,300

1908-1909. Railways.

107. The predominating feature of the estimates is the heavy decline in the net receipts of State Railways. This is in itself responsible for nearly the whole of the large deterioration in the revenue, and apart from it the other variations now anticipated in the figures of the Budget Estimate for the current year almost counterbalance one another. The total decrease of £3,692,000 under the head is made up of a falling-off of £2,414,100 (3,62·11 lakhs) in the gross receipts and an increase of £1,410,300 (2,11·55 lakhs) in the working expenses, counterbalanced to the extent of £132,400 (19·86 lakhs) by a consequential decrease in the payment of profits to working companies. The chief variations occur in the following lines:—

	Increase +; Decrease —. Gross Receipts.	Working Expenses (including payment of profits).	Net Receipts.
	Lakhs.	Lakhs.	Lakhs.
North Western Railway .	—160·00	+95·00	—255·00
East Indian Railway . .	— 32·00	+32·00	— 64·00
Rajputana-Malwa Railway .	— 53·00	+ 3·00	— 56·00
Great Indian Peninsula Railway	— 45·00	+ 7·90	— 52·90
Oudh and Rohilkhand Railway	— 25·00	+ 8·00	— 33·00
Eastern Bengal Railway .	— 2·00	+28·35	— 30·35
Bengal Nagpur Railway .	— 35·00	— 6·05	— 28·95
Bombay, Baroda and Central India Railway . . .	— 13·00	+ 2·75	— 15·75
Indian Midland Railway	— 14·68	+ ·28	— 14·96

As explained in Part I, the large falling-off in the Gross Receipts is generally due to the effects of the famine being more persistent than was anticipated when the Budget Estimates were framed and to a stagnation in trade which is not confined to India alone. The principal causes which have contributed to the increase in working expenses are a further rise in the price of coal, larger payment of grain compensation allowance owing to the continued dearness in the price of food grains and higher outlay on renewals of permanent way, bridges and rolling stock. In the case of both the North-Western and the Eastern Bengal lines, the expenditure has been considerably swelled by the arrear adjustment of cost of materials received from England too late for adjustment in the preceding year's accounts, while in the case of the former line the heavy breaches caused by the floods in August have involved a considerable amount of expenditure in

repairs and excessive running expenses owing to the diversion of traffic to longer routes. The activity of the coal traffic combined with the congestion of piece-goods at the ports has also had its influence on the figures in the case of the East Indian and certain other lines.

1908-1909. Land Revenue.

108. Under Land Revenue, there are decreases of 42·72 lakhs in Bombay, 6·47 lakhs in Bengal and 4·10 lakhs in Eastern Bengal and Assam, due chiefly to the deterioration which has taken place in the agricultural prospects in certain areas of these provinces in consequence of a deficiency in the winter rainfall. In Burma and the Punjab also, the collections are expected to fall short of the Budget Estimate by 11·70 and 8·53 lakhs respectively; in the case of the former province the allowance made in the Budget for the effect of the failure of last year's crops in Upper Burma, has proved inadequate, while in the latter the recovery of suspended revenue is likely to be less than was anticipated. On the other hand, there is an excess of 27·73 lakhs in the United Provinces owing to larger recovery of suspended and arrear revenue, and a smaller excess of 3·48 lakhs in the Central Provinces from a similar cause. In Madras also, there is an increase of 2·59 lakhs over the Budget Estimate, caused mainly by the extension of irrigation in certain districts of the Presidency. It will be understood that these figures include the share of Land Revenue due to Irrigation.

Of the total decrease of Land Revenue amounting to 37·55lakhs, 17·96 lakhs should ordinarily have appeared in the Imperial section and the remaining 19·59 lakhs in the Provincial section. As a result of the special assignments from Imperial to Provincial revenues mentioned in paragraph 105, there is however an actual increase of 96·49 lakhs in the Provincial share of the revenue under this head and a decrease of 1,34·04 lakhs in the Imperial share.

1908-1909. Salt, Mint, and Customs receipts.

109. The effect of the famine on the Salt revenue has been somewhat greater than was allowed for in the Budget Estimate, and the reduction of £185,500 is distributed over all the provinces in which the revenue is realised excepting Burma. The comparatively large decrease under Mint is due chiefly to the suspension of the coinage of new rupees and the consequent absence of any receipts from seignorage, as well as to a large return from circulation of bronze coin, on the closing of famine relief works, which has reduced the profit derived from their issue. The decline in the Customs revenue is the net result of variations under a number of tariff heads which will be apparent from the table above paragraph 157. The principal decreases occur (1) in the import duty on cotton manufactures (30 lakhs), the imports of piece-goods having been checked by the heavy stocks held at the close of last year and the reduced demands from consuming districts in consequence of the famine, and (2) in the export duty on rice (21 lakhs), the famine and the consequent high prices ruling in India throughout the year having diminished the exports from Bengal and also led to the diversion of a large portion of the Burma produce from foreign to Indian ports. These large decreases have been counterbalanced to some extent by increased receipts from the import duty on silver (21 lakhs), and sugar (7·5 lakhs). As already mentioned in paragraph 75 the imports of silver on private account were unusually high.

1908-1909. Forest, Major Irrigation Works, and Interest.

110. Under Forest, there is a decrease of revenue in all the provinces except Eastern Bengal and Assam and Bengal, where small improvements aggregating R48,000 are expected; the decline is largest in Burma (10 lakhs) and is due to a general depression in the timber trade and also to a more rapid curtailment of departmental operations than was anticipated. The bulk of the decrease under Direct Receipts of Major Irrigation Works occurs in the Punjab (13·18 lakhs) and is due to a short supply of water during the spring of 1908 and to the abnormal rainfall in the succeeding autumn which reduced the demand for canal water: decreases of smaller magnitude are also expected in the United Provinces (3·99 lakhs) and Bombay (1·06 lakhs) but these are almost wholly counterbalanced by small improvements in the other provinces. Of the decrease under Interest 9·02 lakhs appear in the Imperial section and 4·25 lakhs in the Provincial section. The former is caused by a reduction in the amount expected to be received from Railway Companies in respect of overdrafts of capital and in the interest obtained on the investment of the cash balances in England; the latter is chiefly due to smaller realisation of interest on takavi loans in the United Provinces.

1908-1909. Post Office, Telegraph and Army.

111. The falling-off in the Postal and Telegraph revenue is a concomitant of the general stagnation in trade which has characterised the year; a portion of the decline under the latter head is attributed to the revised tariff introduced with effect from the 1st January 1909; and there has been a decrease in the number of urgent telegrams caused by the acceleration in the disposal of those of the cheapest class. The principal factor contributing to the decrease in the Army receipts is the credit under Marine of a portion of the capitation payments by the Imperial Government on account of the Indian native regiments serving in the colonies, the whole of which was in the Budget Estimate entered under this head.

1908-1909. Increase in Revenue, Opium and Marine.

112. The only improvement of any importance in Imperial revenue occurs under Opium. The receipts from the pass duty on Malwa opium are expected to exceed the Budget Estimate by 119·40 lakhs, the fine opium harvest in Malwa in the spring of 1907 and the restriction imposed on the exports having led to a remarkable activity in the advance payment of duty, with the object of securing priority of exportation in 1909 and 1910. The sale-proceeds of Bengal opium have also exceeded the Budget Estimate by 38·47 lakhs, the average price obtained at the monthly sales being ₹1,384 per chest against ₹1,300 assumed in the Budget. On the other hand, a decrease of 1·67 lakhs is likely to take place in the cost price of opium sold for local consumption and other miscellaneous receipts recorded under the head. The increase under Marine has been explained in the last paragraph.

1908-1909. Variations in Expenditure.

113. The important variations in expenditure are the following :—

Heads.	Budget, 1908-1909.	Revised, 1908-1909.	Increase + Decrease—.	
	Lakhs.	Lakhs.	Lakhs.	£
Increases—				
Net charge for Interest on Ordinary Debt	1,83·15	2,08·62	+25·47	+169,800
Courts of Law	3,89·31	4,12·00	+22·69	+151,300
Famine Relief	1,32·07	1,51·90	+19·83	+132,200
Army	28,45·88	28,65·01	+19·13	+127,600
Stationery and Printing	99·70	1,16·78	+17·08	+113,900
Political	1,32·84	1,48·78	+15·94	+106,300
Police	6,12·92	6,27·50	+14·58	+97,200
Post Office	2,72·34	2,86·87	+14·53	+96,900
Civil Works	6,68·03	6,81·89	+13·86	+92,400
Land Revenue	5,36·22	5,50·03	+13·81	+92,000
Major Irrigation Works—Working Expenses	1,46·46	1,59·69	+13·23	+88,200
Miscellaneous	48·42	60·92	+12·50	+83,400
Education	2,44·92	2,54·23	+9·31	+62,100
Jails	1,30·41	1,38·96	+8·55	+57,000
Ports and Pilotage	30·65	36·88	+6·23	+41,500
State Railways—Interest on Debt	8,26·89	8,32·45	+5·56	+37,100
Refunds and drawbacks	35·35	40·70	+5·35	+35,600
Exchange	...	4·95	+4·95	+33,000
Other heads (net)	23,92·40	23,99·76	+7·36	+48,900
Decreases—				
Military Works	1,79·88	1,43·08	—36·80	—245,300
Opium	2,23·14	1,87·20	—35·94	—239,600
Medical	1,68·64	1,51·52	—17·12	—114,200
State Railways—Interest Chargeable against Companies on advances	85·13	73·10	—12·03	—80,200
Special Defence Works	16·42	4·59	—11·83	—78,800
Telegraph	1,64·19	1,54·97	—9·22	—61,500
State Railways—Interest on Capital deposited by Companies	2,54·06	2,46·28	—7·78	—51,800
Forest	1,57·54	1,51·62	—5·92	—39,500
Stamps	31·92	26·40	—5·52	—36,800
Total	1,10,08·88	1,11,16·68	+1,07·80	+718,700

114. The charges for Interest on the public debt as a whole are in excess of the Budget by 17·92 lakhs. An additional sum of £5,000,000 was actually borrowed during the year on the security of India Bills against a provision of only £500,000 in the Budget Estimate and this has led to an extra payment of 19·02 lakhs. The discount on the issue of £5,000,000 India 3½ per cent. stock in January 1908 also exceeded the estimate by ·90 lakh. In India there is, on the other hand, a decrease of 2 lakhs. A saving of 3·19 lakhs occurs in the Budget provision for interest and discount on the new rupee loan of the year, consequent on the reduction of its amount from three to two crores; but this has been partly utilised in payment of interest on the temporary loans taken from the Gold Standard Reserve. The discount and other charges in connection with the recent issue of £7,500,000 India 3½ per cent. stock have amounted to £326,300, but it has been decided to spread the adjustment of this large sum over a number of years, by the creation of a discount sinking fund, so as to avoid throwing such a heavy charge on the revenues of a single year. The increase under State Railways—Interest on Debt has been caused by the transfer to this head, owing to the purchase of the Southern Mahratta Railway, of a charge which in the Budget Estimates was taken under Interest chargeable against Companies on advances. Taking the two heads together, there is a small decrease in the burden of interest transferred to the Railway section of the accounts. This is mainly explained by the fact that, in the case of debt not specifically raised for railways, the calculation of the interest to be so transferred in the estimates is made with reference to the actual payments made in the latest year for which final accounts are available.

1908-1909. Interest charges.

115. The increase under Courts of Law is chiefly due to additional expenditure in Bengal and some of the other provinces in connection with the prosecution of offences against the public safety, to the payment of the special bonus to certain low-paid servants of Government in connection with the fiftieth anniversary of the assumption of the Government of India by the Crown, and to higher payments of grain compensation allowances in most of the provinces.

1908-1909. Courts of Law

116. Famine Relief expenditure in 1908-1909 is now expected to amount to 151·90 lakhs. The distribution by provinces and the comparison with the Budget Estimates are as follows:—

1908-1909. Famine Relief.

	Budget Estimate.	Revised Estimate.	Increase (+) Decrease (—).
	Lakhs.	Lakhs.	Lakhs.
Central Provinces and Berar .	10·00	11·30	+ 1·30
Eastern Bengal and Assam .	..	·25	+ ·25
Bengal	10·00	11·50	+ 1·50
United Provinces . . .	100·00	125·23	+25·23
Punjab	3·00	1·35	— 1·65
Madras	2·50	·15	— 2·35
Bombay	5·00	1·83	— 3·17
Minor Provinces (chiefly Ajmer)	1·57	·29	— 1·28
TOTAL .	132·07	151·90	+19·83

The expenditure in Eastern Bengal and the increased expenditure in Bengal have been brought about by the deficiency in the winter rainfall in certain districts in these provinces. In the other provinces, the variations from the Budget Estimate are generally due to an over-estimate or under-estimate of the requirements in connection with the famine in 1908. In accordance with the arrangements for the distribution of Famine Relief expenditure between Imperial and Provincial Revenues described in paragraphs 48 to 56 of the Financial Statement for 1907-1908, half the expenditure in the United Provinces and 2·62 lakhs of that in Bengal appear in the Provincial section of the estimates; so does the whole of the expenditure in Eastern Bengal and Assam, as that province was excluded from the scope of the new arrangements. The total Imperial expenditure under the head therefore amounts to 86·42 lakhs.

1908-1909. Military Services.

117. The increase in Army expenditure and the decreases under Military Works and Special Defences are explained in detail in Appendix II. The whole of the decrease under the last two heads occurs in "special" expenditure; while under Army there is a decrease of 10·57 lakhs in "special" expenditure and an increase of 29·70 lakhs in ordinary expenditure, the principal item contributing to this increase being the additional payment of £275,000 to the War Office in respect of British forces serving in India, as decided upon the recommendations of the Romer Committee. Important increases of ordinary expenditure have also taken place in connection with the Mohmand Field Force, the cost of which has amounted to 19 lakhs, and under food supplies and compensation for dearness of food and forage (21 lakhs) owing mainly to a continuance of high prices; but these have been more than counterbalanced by lapses in the ordinary grants under various heads.

1908-1909. Stationery and Printing, Political, Police, and Post Office.

118. The greater portion of the increase under Stationery and Printing occurs in the charges for stores purchased in England as well as in the country. The increase in Political expenditure has been caused by an unexpected heavy drawing of arrears of subsidy by His Majesty the Amir of Afghanistan and by the payment of rewards and compensation in connection with the operations against the Mohmands. Under Police, the expenditure in connection with the special bonus amounts to 5·93 lakhs, and the payments of grain compensation allowance exceed the Budget Estimate by 11·92 lakhs; a portion of the excess expenditure has, however, been met in some of the provinces from the allotments for police reform. Of the increase under Post Office, 8·8 lakhs represent the cost of postage stamps used for postal purposes transferred to this head from Stamps; the expenditure in connection with the special bonus amounts to 2·2 lakhs, and the payments of grain compensation allowance are expected to exceed the Budget Estimate by 3·46 lakhs.

1908-1909. Civil Works, Land Revenue, Major Irrigation Works and Miscellaneous.

119. Under Civil Works there are large increases in the Provincial expenditure in the Punjab, Eastern Bengal, Bombay, and Central Provinces counterbalanced to some extent by lapses in the Budget grants in Madras, Burma and the United Provinces. Payment of the special bonus and increased payment of grain compensation allowance account for the bulk of the increase under Land Revenue charges; expenditure on survey and settlement operations in Madras, the Punjab and Eastern Bengal is also likely to exceed the Budget Estimate, while in the United Provinces additional establishments had to be entertained in district offices in connection with the famine. The increase in the working expenses of Major Irrigation Works occurs chiefly in the Punjab, where it has been necessary to undertake certain repairs, not provided for in the Budget, owing to heavy damages caused by excessive rainfall. That under Miscellaneous mainly represents the write-off of irrecoverable balances of agricultural loans granted in the United Provinces to cultivators during the famine.

1908-1909. Minor increases in expenditure.

120. The bulk of the increase under Ports and Pilotage occurs in Bengal and represents charges for which provision was made in the Revised Estimates for 1907-1908, but which were not adjusted in the accounts of that year. That under Jails is caused by a larger jail population and by the continued high prices of food grains and raw materials. Under Education, there is an excess of 6·49 lakhs in Bengal owing chiefly to larger payments of grants-in-aid to colleges and schools and to the re-organisation of the subordinate inspecting agency; smaller increases are also likely to take place in the Punjab and some other provinces, but these will be counterbalanced to a great extent by decreases in Bombay and the United Provinces. Of the increase under Refunds and Drawbacks, 4·88 lakhs are in Bombay, where refunds of Opium pass fees are likely to be made to the extent of 2·50 lakhs, while the charges under several other heads have also been specially heavy. The expenditure provided under Exchange in the Revised Estimates represents the loss incurred in connection with the remittance of funds to England to meet the disbursements of the Home Treasury, the rate obtained for Bills and Transfers drawn by the Secretary of State having been less than 16*d.* per rupee; the loss would have been higher but for the gain realised on the sale of sterling demand drafts in the opposite direction.

1908-1909. Decrease in expenditure.

121. The decrease in Opium expenditure results from a shortage in the outturn of the crop of 1907-1908 and from a larger contraction in the poppy-growing area in Bengal than was allowed for in the Budget Estimate. The decrease under

Medical has been caused by lapses, in all the provinces except Madras and the United Provinces, in the special grants from Imperial revenues for the improvement of sanitation, and by smaller plague expenditure in the Punjab; in the United Provinces alone, is there likely to be any material excess over the Budget Estimate owing to special expenditure in connection with the famine and the recent outbreak of malaria. Under Telegraph, there is a large lapse of 11·85 lakhs in the grants for capital expenditure, but on the other hand there will be some increase in the revenue expenditure of the Indian Department, mainly in consequence of the recent re-organisation of the signalling establishment. The decrease in the charges for Interest on capital deposited by Railway Companies is chiefly due to renewal of debentures at a lower rate of interest, and to the raising of additional capital by certain companies having taken place later in the year than was assumed in the Budget Estimate. More rapid curtailment of departmental operations in Burma, already mentioned in paragraph 110, accounts for the greater portion of the decrease under Forest. Under Stamps the decrease of 8·80 lakhs caused by the transfer to the head Post Office of the cost of stamps used for postal purposes has been to some extent counterbalanced by increased outlay on stores in England.

1908-1909. Imperial and Provincial figures.

122. The figures of the Budget and Revised Estimates are shown in the following table so as to compare the Imperial and Provincial results separately :—

	Imperial.		Provincial.		Total.	
	Budget, 1908-1909.	Revised, 1908-1909.	Budget, 1908-1909.	Revised, 1908-1909.	Budget, 1908-1909.	Revised, 1908-1909.
	Lakhs.	Lakhs.	Lakhs.	Lakhs.	£	£
Revenue . .	74,81·91	68,29·36	35,33·92	36,14·93	73,438,900	69,628,600
Expenditure .	73,96·20	73,87·44	36,12·68	37,29·24	73,392,500	74,111,200
Excess (+) or deficit (−) of revenue as compared with expenditure.	+85·71	−5,58·08	−78·76	−1,14·31	+46,400	−4,482,600
	£ +571,500	£ −3,720,500	£ −525,100	£ −762,100		

1908-1909. Variations in Provincial Revenue.

123. All the important variations which have contributed to the large deterioration of 6,43·79 lakhs under Imperial have been explained in the preceding paragraphs. Under Provincial, the increase of 81·01 lakhs in revenue occurs chiefly in the following heads :—

	Lakhs.
Increases—	
Land Revenue (including share due to Irrigation) . . .	96·49
Other heads (net)	·82
Decreases—	
Forest	9·58
Direct Receipts of Major Irrigation Works	6·72

The increase in the Provincial share of Land Revenue has been explained in paragraph 105. The differences under Forest and Irrigation receipts have also been already noticed in paragraph 110.

1908-1909. Variations in Provincial Expenditure.

124. The increase of 1,16·56 lakhs in Provincial expenditure is the net result of the following variations :—

	Lakhs.
Increases—	
Courts of Law	22·30
Police	15·66
Famine Relief	13·92
Land Revenue	13·24
Civil Works	13·10
Miscellaneous	12·49
Working expenses of Major Irrigation Works	7·90
Jails	7·87
Education	7·71
Ports and Pilotage	6·20
Stationery and Printing	4·68
General Administration	2·18
Scientific and Minor Departments	2·17
Registration	2·15
Other heads (net)	4·37
Decreases—	
Medical	17·02
Forest	2·36

All the important variations have already been explained in paragraphs 115 to 121. The excess under General Administration is the net result of a number of unimportant variations in several provinces. Under Registration, the increase is distributed over all the provinces; the only excesses of any importance occur in Madras and Bengal and are caused by reorganisation of establishment, as well as in the former province by expenditure on grain compensation allowance for which the Budget did not make any provision. Under Scientific and Minor Departments, the ordinary lapses in the grants have in several provinces fallen short of the allowance made on this account in the Budget Estimates and there has been an excess in the expenditure in connection with agricultural farms in the Punjab.

Section III.—The Budget Estimate of 1909-1910.

1909-1910. Statement of gross figures.

125. The following is a general comparison of the Budget Estimate of 1909-1910 with the Revised Estimate of 1908-1909.

	Revised, 1908-1909.	Budget, 1909-1910.	1909-1910 better than 1908-1909.	1909-1910 worse than 1908-1909.
	£	£	£	£
Total Revenue	69,628,600	73,750,900	4,122,300	...
Total Expenditure	74,111,200	73,720,500	390,700	...
Adjustment of Provincial Surplus (+) or Deficit (—).	—762,100	—200,500	...	561,600
Total Expenditure charged to Revenue.	73,349,100	73,520,000	...	170,900
Deficit	3,720,500	...	3,951,400	...
Surplus	...	230,900		

1909-1910. General.

126. The estimates are generally based on the expectation of a normal monsoon next year and of a revival of trade. Credit has been taken for a large improvement in the gross receipts of railways and for the recovery of a portion of the land revenue suspended during the current year in consequence of the famine, while the remissions of land revenue are taken at a much lower figure than in the current year. Some provision is unfortunately necessary for direct expenditure on famine relief owing to the failure of this year's winter rains in Behar and certain other tracts of the country; but the total expenditure on famine relief and insurance is not likely to exceed the prescribed grant of £1,000,000, thus giving a saving of £676,100. Smaller provision has also been made for the payment of grain compensation allowance and for the cost of food-supplies in the case of the

army, in the anticipation that with the return of normal agricultural conditions a fall in the price of food-grains will take place in the course of next year. The absence of the special expenditure in the current year in connection with the bonus to certain low-paid servants of Government, on the occasion of the fiftieth anniversary of the assumption of the government of India by the Crown, will lead to a saving of £140,200. In view of the financial position, steps have moreover been taken to curtail as far as possible the growth of expenditure, both Imperial and Provincial. On the other hand, allowance has been made for a further loss of Opium revenue owing to a greater restriction of exports to China. As shown above, the estimates work up to a small surplus of £230,900. It has not been possible to provide for any reduction of taxation or for any large grants to Provincial Governments in aid of administrative developments. The only special assignment from Imperial to Provincial revenues of any importance for which provision has been made in next year's Budget is one of 11·5 lakhs for the further prosecution of police reform. This has been distributed as follows:—

	Lakhs.
Bombay	3·00
Bengal	2·50
United Provinces	4·00
Eastern Bengal and Assam	1·50
Central Provinces	·50
	11·50

Burma, Madras and Punjab do not share in the present allotment for the reasons given in paragraph 64 of the Financial Statement for 1908-1909. In the United Provinces also, it was originally contemplated to make full provision in the new financial settlement for the cost of police reforms; but a modification was eventually made and the settlement as approved by the Secretary of State includes provision for the grants aggregating 14·75 lakhs allotted from Imperial revenues to the end of 1907-1908.

127. The following Table shows the most important heads of revenue as well as those under which large variations are anticipated between the Budget Estimates for next year and the Revised Estimates for the current year:— *1909-1910. Main Heads of Revenue.*

Heads of Revenue.	Revised, 1908-1909.		Budget, 1909-1910.		Budget, 1909-1910, more or less than Revised, 1908-1909.	
	Lakhs.	£	Lakhs.	£	Lakhs.	£
Land Revenue (including share due to Irrigation)	31,17·47	20,783,100	32,96·60	21,977,400	+1,79·13	+1,194,300
State Railways—Net receipts	14,97·78	9,985,200	19,62·66	13,084,400	+4,64·88	+3,099,200
Excise	9,61·82	6,412,100	10,17·30	6,782,000	+55·48	+369,900
Customs	7,27·84	4,852,300	7,53·81	5,025,400	+25·97	+173,100
Stamps	6,50·59	4,337,300	6,71·18	4,474,500	+20·59	+137,200
Opium	8,82·63	5,884,200	6,62·40	4,416,000	−2,20·23	−1,468,200
Salt	4,82·50	3,216,700	4,98·00	3,320,000	+15·50	+103,300
Irrigation	3,72·18	2,481,200	3,70·76	2,471,700	−1·42	−9,500
Post Office	2,75·12	1,834,100	2,94·57	1,963,800	+19·45	+129,700
Forest	2,55·20	1,701,300	2,69·15	1,794,300	+13·95	+93,000
Assessed Taxes	2,30·98	1,539,900	2,37·77	1,585,200	+6·79	+45,300
Interest	1,38·91	926,100	1,52·75	1,018,300	+13·84	+92,200
Telegraph	1,42·80	952,000	1,42·52	950,100	−·28	−1,900
Army	1,26·28	841,900	1,39·04	926,900	+12·76	+85,000
Miscellaneous	37·65	251,000	51·13	340,900	+13·48	+89,900
Marine	18·81	125,400	10·42	69,500	−8·39	−55,900
Other Heads	5,25·73	3,504,800	5,32·58	3,550,500	+6·85	+45,700
Total	1,04,44·29	69,628,600	1,10,62·64	73,750,900	+6,18·35	+4,122,300

1909-1910. Land Revenue.

128. The estimates of Land Revenue show an increase in almost all the Provinces. Improvements of considerable magnitude are taken in Bombay (58·03 lakhs), the Punjab (49·22 lakhs), the United Provinces (31·70 lakhs) and the Central Provinces (20·10 lakhs), in the expectation that the return of normal agricultural conditions will greatly reduce the amount of remissions and suspensions and will also permit of the active collection of arrears. In Madras, Bengal, Burma and Eastern Bengal and Assam also, smaller improvements are anticipated to the extent of 9·12, 6·11, 3·41 and 2·10 lakhs respectively. It is only in the North-West Frontier Province and in the other minor provinces that there will be a small decline aggregating ·66 lakh.

Of the total improvement of 179·13 lakhs, 79·71 lakhs represent the portion which under the terms of the current financial settlements would have fallen to the share of the Provincial Governments. But owing mainly to the absence of the special non-recurring assignments aggregating 126·71 lakhs made from Imperial to Provincial revenues during the current year (*vide* paragraph 66 of Financial Statement for 1908-1909 and paragraph 105 above), there is an actual decrease of 45·30 lakhs in the Provincial revenue and an increase of 224·43 lakhs in the Imperial revenue under this head.

1909-1910. Railways.

129. The large improvement under Railways is made up of an increase of 378·54 lakhs (£2,523,600) in the Gross Receipts and a decrease of 86·34 lakhs (£575,600) in the Working Expenses (including payment of profits to Companies, etc.). The estimate of receipts is based on the expectation that the seasons will be propitious next year, and that there will be a revival of trade; while under Working Expenses an abnormal growth of expenditure has taken place in the current year and the financial position has made it necessary to effect the closest economy next year and to restrict avoidable expenditure as much as possible. The following table shows the chief variations in the Gross Receipts and Working Expenses between the Revised Estimates of the current year and the Budget Estimates of next year:—

	Increase + Decrease—		
	Gross Receipts.	Working Expenses (including payment of profits).	Net Earnings.
	Lakhs.	Lakhs.	Lakhs.
North Western	+ 1,50·00	—55·00	+ 2,05·00
East Indian	+ 17·00	—27·00	+ 44·00
Oudh and Rohilkhand	+ 23·00	—17·50	+ 40·50
Rajputana-Malwa	+ 38·00	— 1·50	+ 39·50
Bengal-Nagpur	+ 40·00	+ 7·55	+ 32·45
Eastern Bengal	+ 22·00	— 6·85	+ 28·85
Great Indian Peninsula	+ 40·00	+ 14·80	+ 25·20
Bombay, Baroda and Central India	+ 13·00	— 2·75	+ 15·75

130. The largest increase is expected in the earnings of the North Western Railway where the decline in the current year has been specially heavy. There has been an excellent wheat crop in the Punjab, and there is every reason to assume that with normal conditions next year, the earnings will return to the level reached in 1907-08. With the exception of the Eastern Bengal Railway, all the other lines, in which important improvements in gross receipts are counted on next year, traverse tracts of country which suffered badly from famine in 1908. In the case of the Oudh and Rohilkhand and Rajputana-Malwa lines the Budget Estimate of revenue is taken lower than the figure actually realised in 1907-08; while in the case of the Great Indian Peninsula and Bombay Baroda lines moderate increases of 8·79 and 11·47 lakhs, respectively, over the figures for 1907-08 have been assumed. A portion of the increase in the case of the Bengal-Nagpur and the Eastern Bengal Railways will accrue from the opening of additional lengths of line to public traffic. The increase of expenditure on the Great Indian Peninsula Railway is due to special outlay on the relaying of the Ghat and the Itarsi-Jubbulpore Sections, the reconstruction of the Tapti Bridge, and strengthening of girders on weak bridges generally.

131. The decrease in the Opium revenue is the result of smaller exports to China in pursuance of our present policy. Of Bengal opium, the Budget provides for a total sale in 1909-1910 of 42,300 chests at an average price of Rı,350 per chest. The average price obtained in 1908-1909 has been Rı,384 per chest; and it is hoped that the restriction imposed on the exports will tend to check any material decline in the average price, though there may be a temporary sagging at the beginning of the year and towards its end caused by the outrush of the Malwa exports. As regards Malwa opium, credit has been taken for duty on the full number of chests for which warehouse accommodation will be available in Bombay, as it is expected that imports from Malwa will commence again, as soon as the crop now on the ground has been gathered, with a view to secure priority of export in 1910 and subsequent years. *1909-1910. Opium Revenue.*

132. With returning prosperity, Excise revenue is expected to show its usual growth, while the measures adopted in the several provinces to give effect to the accepted recommendations of the Excise Committee will also benefit the revenue to some extent. The total improvement of 55·48 lakhs is distributed over all the provinces, the more important increases being 14 lakhs in the Central Provinces and Berar, where the revenue has suffered badly from the famine in the current year, 10 lakhs each in Madras and the United Provinces, and 7 lakhs in Bengal. Under Stamps the expansion is largest in Bengal (8 lakhs), but Eastern Bengal and Assam and Madras also contribute 4 lakhs each to the general rise. *1909-1910. Excise and Stamps revenue.*

133. Under Salt the Budget Estimate anticipates a moderate increase in consumption of approximately 2·2 million maunds distributed over the various provinces. But allowance had to be made for the probable effect of the introduction in Bengal of arrangements, under Act X of 1908, permitting of the payment of duty on salt on a system of limited credit instead of in cash; and the improvement in revenue has been taken at 15·50 lakhs only. The diversion of Burma rice to Indian ports to meet famine demands in 1907-1908 and 1908-1909 has led to a large reduction in the Customs revenue derived from this source in the two years. But conditions are expected to improve next year, and the recent harvest in Burma has been an excellent one; an increase of 31 lakhs over the Revised Estimate has, therefore, been allowed for under this tariff head. On the other hand, a decrease of 21·5 lakhs has been provided for in the import duty on silver, as it is not safe to count on a continuance of heavy imports next year. The balance of the improvement is spread over a number of tariff heads. *1909-1910. Salt and Customs revenue.*

134. Under Irrigation there is a decrease of 5·06 lakhs in the United Provinces owing to a reduced demand for canal water in connection with the *rabi* crops now on the ground; but this is to some extent counterbalanced by an improvement expected in the Punjab where the demand for canal water was affected in the current year by the heavy rains in August. The growth in Forest revenue is distributed over all the provinces except the Punjab, where a slight decline is anticipated. It is assumed that there will be some recovery in the timber trade next year, but on the other hand allowance has been made for the gradual curtailment of departmental operations, chiefly in Burma and the Punjab. The increase of 6·79 lakhs under Assessed Taxes is general, the greatest rise being 2·7 lakhs in Bengal. Heavy issues of takavi loans in famine-stricken areas during 1908-1909 account chiefly for an increase of 10·87 lakhs under Interest receipts in India, and an increase of 2·97 lakhs is expected in the receipts in England, derived mainly from the temporary investment of the cash balance of the Home Treasury. *1909-1910. Irrigation, Forest, Assessed Taxes, and Interest.*

135. The improvement under Post Office represents normal growth, mainly under sale of Postage stamps. It has not been considered prudent to count on any growth of revenue under Telegraph in view of the uncertainty about the effect of the revised tariff. Under Miscellaneous, a special provision of 9 lakhs has been made in the Budget on account of the probable proceeds of the sale to the Calcutta Port Commissioners of certain lands belonging to the Government; and a sum of 4·72 lakhs is expected to be realised in the Central Provinces by the sale of cloth manufactured for Government by weavers in receipt of relief during the last famine. *1909-1910. Post Office, Telegraph and Miscellaneous.*

136. The increase in Army receipts and the decrease under Marine are explained in Appendix II. The bulk of the variation in both cases occurs in the recoveries from the Imperial Government in respect of the charges of Indian Native Regiments lent for service in the Colonies. *1909-1910. Army and Marine.*

137. The following Table shows the more important heads of Expenditure as well as those under which large variations are anticipated between the Budget figure and the Revised estimate for the current year :—

Heads of Expenditure.	Revised, 1908-1909.		Budget, 1909-1910.		Budget, 1909-1910, more or less than Revised, 1908-1909.	
	Lakhs	£	Lakhs.	£	Lakhs.	£
Army	28,65·01	19,100,100	29,02·64	19,350,900	+37·63	+250,800
Interest on Debt	12,67·97	8,453,200	13,10·66	8,737,700	+42·69	+284,500
Railways (excluding interest taken above).	7,79·20	5,194,700	8,23·47	5,489,800	+44·27	+295,100
Police	6,27·50	4,183,300	6,39·64	4,264,300	+12·14	+81,000
Civil Works	6,81·89	4,545,900	6,36·34	4,242,300	−45·55	−303,600
Land Revenue	5,50·03	3,666,800	5,51·64	3,677,600	+1·61	+10,800
Superannuation	4,59·03	3,060,200	4,62·72	3,084,800	+3·69	+24,600
Courts of Law	4,12·00	2,746,700	4,07·71	2,718,100	−4·29	−28,600
Irrigation (excluding interest taken above).	2,94·28	1,961,800	2,93·13	1,954,200	−1·15	−7,600
Post Office	2,86·87	1,912,500	2,87·49	1,916,600	+·62	+4,100
Education	2,54·23	1,694,900	2,59·17	1,727,800	+4·94	+32,900
Administration	2,55·26	1,701,700	2,50·16	1,667,700	−5·10	−34,000
Assignments and Compensations.	1,81·58	1,210,500	1,80·26	1,201,700	−1·32	−8,800
Medical	1,51·52	1,010,100	1,64·44	1,096,300	+12·92	+86,200
Opium	1,87·20	1,248,000	1,63·71	1,091,400	−23·49	−156,600
Telegraph	1,54·97	1,033,100	1,59·50	1,063,300	+4·53	+30,200
Forest	1,51·62	1,010,800	1,58·64	1,057,600	+7·02	+46,800
Military Works	1,43·08	953,900	1,28·34	855,600	−14·74	−98,300
Famine Relief	1,51·90	1,012,700	30·65	204,400	−1,21·25	−808,300
Protective Irrigation Works.	62·00	413,300	72·00	480,000	+10·00	+66,700
Other Heads	11,99·54	7,997,000	11,75·77	7,838,400	−23·77	−158,600
TOTAL	1,11,16·68	74,111,200	1,10,58·08	73,720,500	−58·60	−390,700

1909-1910. Army and Military Works.

138. The variations under Army and Military Works are explained in detail in Appendix II. The decrease under the latter head is chiefly due to a smaller programme of special works being contemplated in 1909-1910. The principal item of increase under the former head is the cost of the concessions to officers and men of the Indian Army granted on the occasion of the fiftieth anniversary of the assumption of the Government of India by the Crown and announced on the 1st of January 1909; this is estimated at 64 lakhs for a full year against

11 lakhs in the last three months of the current year. The principal item of decrease is the absence of the special expenditure (19 lakhs) incurred in the current year on account of the Mohmand Field Force.

1909-1910. Interest charges.

139. Of the increase in the total Interest expenditure amounting to 42·69 lakhs, 30·69 lakhs occur in England and are explained chiefly by the provision for the payment of interest and discount sinking fund charges on the new £7,500,000 India 3½ per cent. stock issued in February 1909. Necessary provision has also been made in the Budget for a full year's interest on the rupee loan of 2 crores raised in the current year and for the service of the new rupee loan announced in paragraph 66. The share of interest chargeable to the Railway and Irrigation works, respectively, is expected to exceed the corresponding charges of the current year by 24·08 and 7·22 lakhs, respectively. The portion chargeable to ordinary debt, therefore, shows an increase of 11·39 lakhs only.

1909-1910. Railway expenditure other than Working Expenses and Interest charges.

140. The increase under Railways is made up principally of 28·84 lakhs in the charges for Interest on Capital deposited by Companies and of 13·44 lakhs in Annuity charges. The former is distributed over several Railways and is due generally to the estimate for next year allowing for a full year's interest on capital raised in the current year and for part interest on the additional capital intended to be raised next year. The latter is due to the Budget Estimate providing for the full amount of the annuity payable on account of the Madras Railway against a payment in 1908-1909 of only three-quarters of this sum *plus* a half-year's annuity to certain holders (*vide* paragraph 146 of Financial Statement for 1908-1909).

1909-1910. Police.

141. The increase in the Police charges is caused mainly by further progress in the introduction of the reforms recommended by the Police Commission. If we omit from both the Revised and the Budget Estimates the provision for grain compensation allowance, as well as from the former the expenditure on account of the special bonus, the real growth in these charges next year amounts to about 28·33 lakhs.

1909-1910. Civil Works.

142. Almost the whole of the decrease of 45·55 lakhs under Civil Works appears in the Provincial section of the estimates. The unfavourable financial position and the exhaustion of the Provincial balances have necessitated a large curtailment of the programme of Civil Works in Burma, Eastern Bengal and Assam, and Bengal, and the Budget grants for next year have been taken respectively at 25·08, 7·92 and 8·55 lakhs less than the Revised Estimates for the current year. It is only in Madras, where the Provincial balances are ample, that any material increase (*viz.*, of 9·70 lakhs) is contemplated next year over the current year's standard of expenditure.

1909-1910. Land Revenue, Post Office, Courts of Law and Superannuation.

143. Absence of the expenditure on account of the special bonus and smaller provision for payment of grain compensation allowance account for the small increases under Land Revenue and Post Office charges. Apart from these special items the Budget Estimates for the two heads exceed the Revised Estimates for the current year by 10·95 lakhs and 8·15 lakhs, respectively, the increases representing normal growth of expenditure. The decrease under Courts of Law is due to similar causes; it is also hoped that the special conditions which have contributed to an abnormal increase in the expenditure under this head in Bengal and some other provinces will gradually disappear next year. The increase in Superannuation charges represents the usual growth of the retired list.

1909-1910. Irrigation, Education and Administration.

144. Absence of the special expenditure which had to be incurred in the Punjab during the current year in repairing damages caused by floods and a smaller programme of works next year account for the small decrease in Irrigation expenditure; provision has been made under Minor Works for the usual Imperial grant of 5 lakhs in aid of special expenditure entailed by the recommendations of the Irrigation Commission. Of the increase of 4·94 lakhs under Education, 4·13 lakhs occur in Bombay where a provision of 3·56 lakhs has been made for the extension of primary education. Under General Administration there is a decrease of 6·91 lakhs in the provision for the purchase of stores in England; but this is to some extent counterbalanced by an increase of 1·81 lakhs in India, chiefly in the expenditure of Provincial Governments.

1909-1910. Opium and Telegraph.

145. The decrease in Opium expenditure is due chiefly to a further reduction in the poppy-growing area in Bengal. The increase under Telegraph occurs mainly in the Indo-European section and is due partly to normal growth of

expenditure and partly to larger provision for purchase of stores and for the construction of buildings in connection with the new Central Persia line.

1909-1910. Assignments, Medical and Forest.

146. The charges entered under Assignments and Compensations generally consist of fixed payments which do not usually show any material variations from year to year. Under Medical, provision has been made in all the provinces for heavier outlay on sanitary projects out of the recurring Imperial grants-in-aid of sanitation sanctioned last year; but a saving of 1·36 lakhs in the total expenditure is estimated in the United Provinces mainly in consequence of smaller famine demands. Of the increase in Forest expenditure, 4 lakhs are expected in Madras where higher outlay is contemplated on the improvement and extension of forests.

1909-1910. Famine Relief expenditure and Protective Irrigation Works.

147. The decrease of 121·25 lakhs in actual famine relief expenditure occurs almost wholly in the United Provinces. Famine has again been declared in some districts of those Provinces, but the extent of the calamity is not expected to be large and a provision of 8·25 lakhs has been made in the Budget against a Revised Estimate of 125·23 lakhs. In Bengal, however, distress has arisen in parts of Behar and a provision of 18·27 lakhs in the Budget Estimate is considered necessary. A provision of 3·01 lakhs has also been made in Eastern Bengal and Assam, in certain districts of which relief works have already been opened. In Bombay, the Central Provinces, Madras and Punjab, some small expenditure may be necessary and has been provided for, the aggregate provision in the three provinces amounting to only 1·12 lakhs. The expenditure in the Central Provinces is required wholly in connection with the relief of weavers.

Half the expenditure in Bengal and the United Provinces, and the whole of that in Eastern Bengal appear, under the standing arrangements, in the Provincial section of the estimates; and the provision in the Imperial section consequently amounts to 14·37 lakhs only.

The decrease in Famine Relief expenditure has made it possible to allot the full moiety of the Famine Relief and Insurance grant for expenditure on Protective works. This explains the increase of 10·00 lakhs in the provision for outlay on Protective Irrigation works.

1909-1910. Provincial Revenue and Expenditure.

148. The Imperial and Provincial results are compared separately in the table below :—

	Imperial.		Provincial.		Total.	
	Revised, 1908-1909.	Budget, 1909-1910.	Revised, 1908-1909.	Budget, 1909-1910.	Revised, 1908-1909.	Budget, 1909-1910.
	Lakhs.	Lakhs.	Lakhs.	Lakhs.	£	£
Revenue . .	68,29·36	74,35·87	36,14·93	36,26·77	69,628,600	73,750,900
Expenditure .	73,87·44	74,01·23	37,29·24	36,56·85	74,111,200	73,720,500
Excess (+) or deficit (−) of revenue as compared with expenditure . .	−5,58·08	+34·64	−1,14·31	−30·08	−4,482,600	+30,400
	£ −3,720,500	£ +230,900	£ −762,100	£ −200,500		

1909-1910. Variations in Provincial Revenue.

149. Taking all the heads together, the Budget Estimate of Provincial revenue does not differ materially from the Revised, but there are important differences under some of the heads. These differences are enumerated below :—

	Lakhs.
Increases—	
Excise	+27·29
Stamps	+10·09
Interest	+ 9·77
Forest	+ 5·71
Miscellaneous	+ 5·28
Assessed Taxes	+ 3·17
Other heads (net)	+ 2·81
Decreases—	
Land Revenue (including Land Revenue due to Irrigation) .	−45·30
Major Works—Direct Receipts	− 6·98
Total .	+11·84

All the variations have been explained in the preceding paragraphs.

150. The chief variations resulting in the decrease of 72·39 lakhs in Provincial expenditure next year are as follows :— *1909-1910. Variations in Provincial Expenditure.*

	Lakhs.
Decreases—	
Famine Relief	−49·20
Civil Works	−45·25
Ports and Pilotage	− 9·69
Jails	− 6·74
Courts of Law	− 4·17
Increases—	
Police	+10·00
Medical	+12·13
Scientific, etc.	+ 8·20
Superannuation	+ 5·69
Education	+ 2·87
Forest	+ 2·86
Other heads (net)	+ ·91
TOTAL	−72·39

The more important of these variations have been explained in the preceding paragraphs.

Section IV.—Statements comparing the estimates under the more important heads of Revenue and Expenditure with the actuals of past years.

LAND REVENUE.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
REVENUE (including that due to Irrigation)—						
India General	13,57,265	15,24,613	14,99,376	16,05,000	17,40,000	16,96,000
Central Provinces	85,86,937	1,70,73,306	1,59,86,051	1,65,52,000	1,69,00,000	1,89,10,000
Berar	84,36,779					
Burma	3,82,91,967	3,86,04,016	3,87,39,774	4,14,70,000	4,03,00,000	4,06,41,000
Eastern Bengal and Assam	1,90,44,659	1,93,52,665	2,01,74,714	2,03,30,000	1,99,20,000	2,01,30,000
Bengal	2,92,18,589	2,89,04,871	2,92,05,720	2,99,50,000	2,93,03,000	2,99,14,000
United Provinces of Agra and Oudh	6,04,12,536	6,31,96,701	5,30,49,572	6,31,27,000	6,59,00,000	6,90,70,000
Punjab	2,41,53,128	2,71,96,161	2,48,36,729	2,53,71,000	2,45,18,000	2,94,40,000
N.-W. Frontier Province	19,33,815	22,32,744	23,54,850	22,40,000	23,22,000	23,00,000
Madras	6,11,32,577	6,28,86,581	6,27,77,317	6,31,84,000	6,34,43,000	6,43,55,000
Bombay	4,45,03,226	5,10,39,902	4,77,73,723	5,16,73,000	4,74,01,000	5,32,04,000
TOTAL ₹	29,70,71,478	31,20,11,561	29,63,97,826	31,55,02,000	31,17,47,000	32,96,60,000
Shown under XXIX.—Irrigation ₹	1,45,31,687	1,51,04,710	1,56,07,989	1,60,99,000	1,63,05,000	1,61,79,000
Shown under I.—Land Revenue ₹	28,25,39,791	29,69,06,851	28,07,89,837	29,94,03,000	29,54,42,000	31,34,81,000
Equivalent in Sterling	19,804,765	20,800,772	19,759,855	21,033,500	20,783,100	21,977,400
Shown under XXIX.—Irrigation £	968,779	1,006,981	1,040,533	1,073,300	1,087,000	1,078,600
Shown under I.—Land Revenue £	18,835,986	19,793,791	18,719,322	19,960,200	19,696,100	20,898,800
EXPENDITURE— INDIA ₹	4,94,21,312	5,02,96,986	5,25,03,025	5,36,12,000	5,49,95,000	5,51,54,000
Equivalent in Sterling	3,294,754	3,353,132	3,500,202	3,574,100	3,666,300	3,676,900
England £	1,811	790	1,138	700	500	700
TOTAL EXPENDITURE £	3,296,565	3,353,922	3,501,340	3,574,800	3,666,800	3,677,600

151. The estimates for the current year assumed large recoveries of the arrears of revenue which had been suspended in the provinces afflicted by the famine and also a rapid extension of the revenue-paying area in Burma. Scarcity of rain in Upper Burma interfered with the collections, the crops in many parts of

that area having been a total failure; and for the province as a whole the revenue showed a large shortage. In Bombay also the results have been disappointing: the collections at the beginning of the year were weak and the absence of later rain has affected the crops for which the revenue is coming in during this month. In the United Provinces, on the other hand, the collections of the heavy famine arrears were actively pursued, and the Budget estimate has been exceeded. For next year, these Provinces and Bombay again estimate a large recovery of arrears; and the same cause, though in a minor degree, swells the figures of the Central Provinces and Punjab. In the other provinces, normal conditions are assumed.

On the expenditure side, the compensation for dearness of grain has far outrun the Budget provision, owing to the persistence of high prices. The Royal bonus accounts for most of the rest of the excess, and there were also unexpectedly heavy charges for survey and settlement operations in the Punjab and Madras. In next year's Budget, the bonus payments will be absent, and provision for grain compensation has been made in most provinces for only a part of the year, and altogether omitted in others. The savings on these accounts however have been partly counterbalanced by the extended programme of survey and record revision in the two Bengals.

OPIUM.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
INDIA.						
Revenue—						
Bengal—Sale of Opium .	7,05,53,610	7,34,32,575	6,60,29,825	5,96,70,000	6,35,17,000	5,71,05,000
Bombay—Pass Fees .	85,41,000	82,75,200	93,07,200	90,60,000	2,10,90,000	52,00,000
Excise Opium and other Revenue .	29,37,084	32,00,147	33,37,761	39,13,000	37,46,000	39,35,000
TOTAL ₹	8,20,31,694	8,49,07,922	7,86,74,786	7,26,43,000	8,82,63,000	6,62,40,000
Equivalent in Sterling .	5,468,780	5,660,528	5,244,986	4,842,900	5,884,200	4,416,000
Expenditure—						
Payments to Cultivators, including purchase of Opium	2,58,14,453	2,61,60,116	2,25,58,149	1,98,00,000	1,64,91,000	1,41,50,000
Other Charges .	25,45,748	25,14,101	24,57,332	24,96,000	22,09,000	22,08,000
TOTAL INDIA ₹	2,83,60,201	2,86,74,217	2,50,15,481	2,22,96,000	1,87,00,000	1,63,58,000
Equivalent in Sterling .	1,890,680	1,911,615	1,667,699	1,486,400	1,246,700	1,090,500
ENGLAND.						
Other Charges £	1,761	1,677	1,742	1,200	1,300	900
TOTAL £	1,892,441	1,913,292	1,669,441	1,487,600	1,248,000	1,091,400
Statistics—						
Bengal—						
Chests sold . .	49,200	52,800	48,900	45,900	45,900	42,300
Average price .	₹1,434	₹1,391	₹1,350	₹1,300	₹1,384	₹1,350
Chests produced .	55,501	48,750	38,126	...	40,001	...
Chests in Balance, March 31 .	76,063	72,013	61,239	...	55,340	...
Reserve, December 31 . . .	32,566	36,463	34,807	38,832	26,132	27,407
Bombay—						
Chests passed for export . .	14,235	13,792	15,512	15,100	35,000	8,700
Rate of duty .	₹600	₹600	₹600	₹600	₹600	₹600

152. The remarkable fluctuations under this head have already been discussed in paragraphs 112 and 131. The price of Bengal opium touched Rs. 1,500

a chest in May, but except for a partly speculative rise in October and November it has ruled under Rs. 1,400, and there has been a falling tendency towards the end of the year in consequence of the heavy exports from Bombay in January. The average, however, has been Rs. 84 a chest better than the Budget, and the result is an improvement of 38½ lakhs in the total receipts. The rush of Malwa opium to pay duty, which followed the announcement of the limitation of exports, caused an enormous excess over our budgeted receipts. In the single month of September a larger number of chests passed the scales than had paid duty in the whole of 1905-1906 or 1906-1907. Nearly the full amount for which we anticipate that export will be permissible in 1910 has already been passed for duty.

During the remainder of the calendar year we expect to sell 3,600 chests of Bengal opium every month, reduced to 3,300 chests in the first quarter of 1910. On the figures of previous years an average price of Rs. 1,350 is anticipated. The Malwa receipts will show a sharp re-action after the current year's activity.

The expenditure of the department is falling much more rapidly than we had expected, owing to the great curtailment in cultivation, particularly in Bihar, where it is being voluntarily abandoned.

SALT.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
REVENUE.						
Northern India (*a*)	1,48,51,309	1,46,41,087	1,12,53,267	1,15,50,000	1,08,00,000	1,13,50,000
Burma (*b*)	17,47,821	17,30,510	18,69,528	19,25,000	19,75,000	20,00,000
Eastern Bengal (*b*)	18,47,715	19,51,587	14,63,247	17,78,000	14,50,000	15,00,000
Bengal (*b*)	1,53,38,361	1,60,88,611	1,07,88,894	1,16,55,000	1,10,25,000	1,04,00,000
Madras (*a*)	1,57,89,722	1,43,38,019	1,22,52,898	1,11,00,000	1,08,00,000	1,14,50,000
Bombay (*a*)	1,60,71,215	1,66,90,777	1,24,56,986	1,30,25,000	1,22,00,000	1,31,00,000
TOTAL R	6,56,46,143	6,54,40,591	5,00,84,820	5,10,33,000	4,82,50,000	4,98,00,000
Equivalent in Sterling	4,376,410	4,362,706	3,338,988	3,402,200	3,216,700	3,320,000
CHARGES.						
India R	54,41,628	54,46,786	54,46,039	51,03,000	51,24,000	53,78,000
Equivalent in Sterling	362,775	363,119	363,069	340,200	341,600	358,500
England £	391	1,370	415	300	1,500	300
TOTAL £	363,166	364,489	363,484	340,500	343,100	358,800
Total consumption Mds.	4,07,29,000	4,30,86,000	4,43,56,000	4,71,92,000	4,45,25,000	4,67,20,000

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

153. The consumption declined very materially during the first half of the year, but recovered later, and is now expected to be slightly in excess of the consumption in 1907-1908. Owing to the greater employment of the credit system, however, there is a decrease in the year's receipts, and the improvement which was expected in the Budget has not been realized. In next year, the credit system will be open to all India for adoption, instead of being restricted to Madras and Bombay as at present; but it is not expected that the revenue will thereby be materially postponed except in Bengal. Elsewhere an increased consumption is anticipated as the result of revived prosperity,—particularly in Northern India and Bombay.

STAMPS.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
REVENUE.						
Court Fees and Plain Paper	3,96,15,303	4,02,37,343	4,22,06,739	4,32,33,000	4,35,29,000	4,49,75,000
Commercial and other Stamps	1,85,24,420	1,93,96,930	2,06,79,877	2,13,12,000	2,07,57,000	2,14,03,000
Other Revenue	7,55,734	8,14,342	10,08,123	8,80,000	7,73,000	7,40,000
TOTAL ₹	5,88,95,457	6,04,48,615	6,38,94,739	6,54,25,000	6,50,59,000	6,71,18,000
Equivalent in Sterling	3,926,364	4,029,908	4,259,649	4,361,700	4,337,300	4,474,500
CHARGES.						
India ₹	12,95,424	12,89,498	4,77,439	13,92,000	5,09,000	5,26,000
Equivalent in Sterling	86,362	85,966	31,829	92,800	34,000	35,100
England (Stores) £	41,802	100,300	107,280	120,000	142,000	106,800
TOTAL £	128,164	186,266	139,109	212,800	176,000	141,900

154. The Budget of the current year provided for the usual large advance in Stamp revenue, which was not fully realized, however, in Burma and Bengal, owing mainly to the dullness of trade. In the Central Provinces the estimate, which was pitched low on account of famine, proved unduly cautious, and in the Punjab increased litigation and the rising price of land enhanced the receipts beyond expectation. For next year, a considerable recovery is assumed in Bengal, with normal progress in the rest of India. In the current year's Budget, the value of stamps supplied to the Postal Department was shown under this head, but the charge has now been classified in its proper place. The English charges in the present year have been unusually high, in consequence of heavy indents necessitated by the decision to use postage stamps on telegrams.

EXCISE.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
REVENUE.						
Central Provinces and Berar	71,99,390	83,24,568	72,99,056	80,00,000	66,00,000	80,00,000
Burma	83,01,926	76,64,986	78,57,175	80,00,000	77,50,000	79,50,000
Eastern Bengal and Assam	62,07,991	63,73,582	67,88,580	74,00,000	70,50,000	74,08,000
Bengal	1,52,58,297	1,60,81,392	1,70,77,699	1,75,00,000	1,72,00,000	1,79,00,000
United Provinces of Agra and Oudh	99,75,427	92,05,779	89,34,549	88,50,000	85,75,000	95,75,000
Madras	1,91,13,741	2,05,60,146	2,30,71,102	2,34,00,000	2,55,00,000	2,65,00,000
Bombay	1,42,67,667	1,48,36,335	1,63,86,607	1,65,00,000	1,70,00,000	1,74,00,000
Other Provinces	49,92,870	54,26,501	59,90,386	62,36,000	65,07,000	69,97,000
TOTAL ₹	8,53,17,309	8,84,73,289	9,34,05,154	9,58,86,000	9,61,82,000	10,17,30,000
Equivalent in Sterling	5,687,820	5,898,219	6,227,010	6,392,400	6,412,100	6,782,000
CHARGES.						
India ₹	38,71,724	41,17,933	44,40,008	57,81,000	58,43,000	59,95,000
Equivalent in Sterling	258,115	274,529	296,000	385,400	389,500	399,700
England £	1	80	94	100	100	100
TOTAL £	258,116	274,609	296,094	385,500	389,600	399,800

155. Indifferent seasons and high prices kept down the excise revenue in most provinces, particularly in the Central Provinces, where there was also an active temperance propaganda at work. In Madras, on the other hand, the characteristic vigour of the revenue control led to a still further rise in receipts, chiefly from toddy and country spirits; and in Bombay the scarcity does not seem to have checked the consumption. A still further increase is expected next year in these two Presidencies, with a recovery from the effects of famine in the Central Provinces and United Provinces, to which in the former will be added an enhancement in the rates of duty. The rise in Bengal and the Punjab is largely the result of progressive administration. The same cause is also responsible for the increase of expenditure, which is common to all the provinces except Madras and Bombay.

PROVINCIAL RATES.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
REVENUE. R	1,43,04,951	77,50,070	78,87,441	79,89,000	79,79,000	80,18,000
Equivalent in Sterling .	953,664	516,671	525,829	532,600	531,900	534,500
CHARGES . . R	93,301	66,279	71,049	93,000	77,000	93,000
Equivalent in Sterling .	6,220	4,419	4,737	6,200	5,100	6,200

156. There is nothing to add to the explanation of this head which was given in paragraph 165 of last year's Financial Statement. The figures show little variation.

CUSTOMS.

SEA CUSTOMS.	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909 Budget.	1908-1909 Revised.	1909-1910, Budget.
IMPORTS.						
Special Import Duties.						
Arms, Ammunition, and Military Stores .	4,10,419	4,45,734	5,55,085	5,50,000	5,20,000	5,50,000
Liquors—						
Ale, Beer, Porter, Cider and other fermented Liquors	3,12,123	3,08,967	3,84,919	6,00,000	5,21,000	5,60,000
Spirits and Liqueurs . . .	90,31,671	77,97,711	92,65,851	95,00,000	95,00,000	97,50,000
Wines	3,96,632	3,83,569	3,99,539	4,00,000	4,00,000	4,00,000
Opium	3,400	3,437	3,885	5,000	3,000	5,000
Petroleum	36,64,737	37,77,333	44,63,528	46,00,000	51,00,000	52,50,000
Sugar (countervailing duties, 1899) . .	1,238	805	405	...	...	...
Do. (do., 1902) . .	666	399	100	...	...	...
General Import Duties.						
Articles of Food and Drink (excluding Sugar)	19,15,004	19,86,187	24,78,924	25,00,000	26,30,000	27,50,000
Sugar (ordinary duties)	39,91,339	43,81,422	44,75,569	45,00,000	52,50,000	50,50,000
Chemicals, Drugs, Medicines and Narcotics and Dyeing and Tanning Materials .	14,48,517	15,22,261	18,44,858	18,50,000	16,85,000	17,50,000
Cotton Manufactures	1,32,88,991	1,29,13,509	1,51,88,934	1,50,00,000	1,20,00,000	1,20,00,000
Metals and Manufactures of :—						
Silver, Bullion and Coin . . .	29,33,851	40,79,320	51,70,202	43,00,000	64,00,000	42,50,000
Other Metals and Manufactures of Metals	30,78,074	34,51,152	45,63,907	43,00,000	47,00,000	50,00,000
Oils (excluding Petroleum) . . .	1,23,624	1,84,180	2,70,596	3,00,000	1,40,000	2,00,000
Manufactured Articles	82,78,001	84,84,426	97,77,519	99,50,000	94,50,000	97,00,000
Raw Materials and Unmanufactured Articles	12,11,786	11,38,368	14,95,287	15,00,000	16,00,000	17,50,000
TOTAL IMPORTS .	5,00,90,073	5,08,58,780	6,03,39,114	5,98,55,000	5,98,99,000	5,90,25,000
EXCISE DUTY ON COTTON GOODS .	27,06,784	29,00,695	33,99,717	35,50,000	35,75,000	37,50,000
EXPORT DUTIES—						
Rice	1,15,11,233	1,05,31,920	1,02,33,682	1,05,00,000	84,00,000	1,15,00,000
LAND CUSTOMS AND MISCELLANEOUS .	9,12,174	9,83,989	10,94,891	11,00,000	9,10,000	11,00,000
GRAND TOTAL R	6,52,20,264	6,52,75,384	7,50,67,404	7,50,05,000	7,27,84,000	7,53,81,000
Equivalent in Sterling	4,348,017	4,351,692	5,004,494	5,000,300	4,852,300	5,025,400
Charges . . . . . R	27,30,322	29,99,434	30,88,036	33,10,000	31,53,000	34,47,000
Equivalent in Sterling	182,021	199,962	2,05,869	221,100	210,200	229,800
England . . . . . £	438	222	609	100	100	100
TOTAL £	182,459	200,184	2,06,478	221,200	210,300	229,900

157. The great activity of imports which characterized last year continued into the first half of the current year. But the rush slackened in the autumn, and the market for piece-goods became exceptionally dull. Silver was vigorous under the stimulus of very low prices. Petroleum exceeded expectations, and sugar was attracted by the shortage of the crop in the country. Otherwise the receipts tended to fall short of the Budget figure. This was particularly the case with the export duty, in consequence of a weakish Burma crop in the previous year and the increased demand for rice for home consumption. For next year the estimate is a cautious one, especially under piece-goods and silver; though the bumper rice crop, which is now being marketed in Burma, should give a large addition to our export duties. The Budget estimate of expenditure includes provision for re-organising the preventive establishments in three provinces.

ASSESSED TAXES.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
Deduction by Government from Salaries, Pensions, and Interest payments. . .	45,44,157	47,41,425	49,20,292	49,20,000	50,74,000	51,28,000
Other Collections. .	1,52,76,742	1,66,15,384	1,76,41,401	1,78,96,000	1,80,24,000	1,86,49,000
TOTAL ₹	1,98,20,899	2,13,56,809	2,25,61,693	2,28,16,000	2,30,98,000	2,37,77,000
Equivalent in Sterling .	1,321,393	1,423,787	1,504,113	1,521,000	1,539,900	1,585,200
Charges . . ₹	3,37,766	3,57,418	3,68,650	3,83,000	3,82,000	4,07,000
Equivalent in Sterling .	22,518	23,828	24,577	25,500	25,500	27,100

158. In Bengal and the United Provinces the estimate for the current year was over-cautious, the profits of the previous year in speculation and produce-dealing having entered into the basis of assessment. In the other provinces the returns were dull: but recovery is expected for next year upon a return to normal conditions of trade.

FOREST.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
REVENUE.						
India . . ₹	2,66,74,593	2,64,99,020	2,59,79,252	2,76,81,000	2,55,20,000	2,69,15,000
Equivalent in Sterling .	1,778,306	1,766,601	1,731,950	1,845,400	1,701,300	1,794,300
England . . £	1,260	2,310	660	...	...	...
TOTAL £	1,779,566	1,768,911	1,732,610	1,845,400	1,701,300	1,794,300
EXPENDITURE.						
India . . ₹	1,42,58,521	1,40,93,152	1,46,35,975	1,56,50,000	1,50,77,000	1,57,84,000
Equivalent in Sterling .	950,568	939,543	975,732	1,043,400	1,005,200	1,052,300
England . . £	4,250	9,323	4,608	6,900	5,600	5,300
TOTAL £	954,818	948,866	980,340	1,050,300	1,010,800	1,057,600
NET REVENUE £	824,748	820,045	752,270	795,100	690,500	736,700

159. There has been a heavy, though it is believed only a temporary, set back in most of the provinces, particularly in Burma, where the depressed state of the timber trade and the decline of the refuse teak operations curtailed the revenue substantially. In the United Provinces famine affected the revenue; in the Andamans there was no export of Padouk timber; and in the Central Provinces a poor market for firewood and bamboos, lower grazing fees, and a poor yield of lac, kept down the receipts. For next year, better markets and more active exploitation are looked for; and the only province that anticipates a fall in revenue is the Punjab, where the sale of standing trees instead of logs and sleepers will restrict the income. The expenditure in the current year had, as usual, been over-estimated by the department; and it is pitched at a more moderate figure for next year except in Madras, where the extension of the departmental agency for working the forests increases the charges.

INTEREST RECEIPTS.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
India . . ₹	1,04,44,567	1,08,56,414	1,17,77,457	1,34,59,000	1,25,47,000	1,36,34,000
Equivalent in Sterling .	696,304	723,761	785,164	897,300	836,500	908,900
England . . £	237,877	248,432	180,593	117,300	89,600	109,400
TOTAL . £	934,181	972,193	965,757	1,014,600	926,100	1,018,300

160. In the current year there is a reduction of over 4 lakhs in the interest which we expected to get from the overdrafts of capital by railway companies in India: in Bombay and the United Provinces there has been a shortage of about 5 lakhs in the collection of the interest due on agricultural and municipal loans. For next year these two provinces return to normal figures. The English figures are based on the probable interest which the Secretary of State obtains on his spare balances, the amount of such balances, and the periods during which they are available for temporary investment.

INTEREST EXPENDITURE.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
Interest on Debt—	₹	₹	₹	₹	₹	₹
India . . .	4,39,17,978	4,54,96,632	4,61,23,684	4,77,00,000	4,75,00,000	4,87,00,000
Deduct charged to—						
Irrigation .	*1,56,21,842*	*1,24,26,488*	*1,30,88,523*	*1,38,19,000*	*1,37,20,000*	*1,44,21,000*
Railways .	*5,87,24,879*	*3,78,07,002*	*3,96,67,621*	*4,19,47,000*	*4,14,56,000*	*4,25,94,000*
Balance charged to Interest . .	—3,04,28,743	—47,36,858	— 66,32,400	—80,66,000	—76,76,000	—83,15,000
	£	£	£	£	£	£
Equivalent in Sterling	—2,028,583	—315,791	—442,104	—537,700	—511,700	—554,400
England . . .	2,983,370	1,735,503	1,763,479	1,758,700	1,902,500	2,021,100
TOTAL .	954,787	1,419,712	1,321,315	1,221,000	1,390,800	1,466,700
Interest on other Obligations—						
On Savings Bank Balances converted at ₹15 = £1 .	312,028	348,359	356,669	368,300	368,000	383,100
Other items . .	141,664	147,813	142,860	145,500	145,500	140,800
GRAND TOTAL £ .	1,408,479	1,915,884	1,820,844	1,734,800	1,904,300	1,996,600
Debt outstanding, March 31—	£	£	£	£	£	£
Sterling . . .	146,457,439	147,518,634	157,481,074	158,162,934	166,832,374	169,476,674
Rupee Debt—	₹	₹	₹	₹	₹	₹
4 per cent . .	4,15,06,325	4,03,06,325	3,91,06,325	3,79,01,325	3,79,06,325	3,67,06,325
3½ per cent .	1,09,65,35,700	1,14,15,80,600	1,16,65,85,600	1,19,65,80,600	1,19,69,10,600	1,22,62,06,600
3 per cent .	11,07,12,100	11,07,12,100	11,07,12,100	11,07,12,100	9,86,88,100	9,36,88,100
Other Debt . .	1,20,56,493	1,19,51,630	1,18,90,930	1,18,20,630	1,18,54,930	1,18,30,930
Savings Bank Balances	16,39,85,179	17,43,03,812	18,11,39,808	18,71,26,812	18,43,04,808	19,61,54,808

161. These figures have been fully examined in other parts of this Statement, so far as concerns the funded debt. There has been a small decline in the interest payable by the Post Office Savings Bank, as the famine led to heavy withdrawals of deposits during the latter half of 1907-08. For next year the figures will include interest on the first year's subscriptions to the new general provident fund which has just been sanctioned for the families of Government servants who are not subscribers to any of the existing funds.

POST OFFICE.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
REVENUE.						
India . . ₹	2,47,60,873	2,62,67,186	2,73,59,983	2,86,81,000	2,75,12,000	2,94,57,000
Equivalent in Sterling .	1,650,724	1,751,146	1,823,999	1,912,180	1,834,100	1,963,800
EXPENDITURE.						
India . . ₹	2,12,91,381	2,31,03,709	2,56,73,099	2,63,85,000	2,78,65,000	2,79,22,000
Equivalent in Sterling .	1,419,426	1,540,247	1,711,540	1,759,000	1,857,700	1,861,500
England . . £	121,334	62,686	61,180	56,600	54,800	55,100
TOTAL . £	1,540,760	1,602,933	1,772,720	1,815,600	1,912,500	1,916,600
TOTAL NET REVENUE £	109,964	148,213	51,279	96,500	—78,400	47,200

162. The use of postage stamps for telegrams has been discounted in the above figures. There has been a considerable drop in the true postal receipts during the current year, as a consequence of bad harvests and slack trade. For next year a revival of the normal rate of progress is assumed. The expenditure of the current year has been greater than was anticipated, particularly in connection with grain compensation allowances and the Royal bonus. For next year, as the result of a special enquiry which is now on foot, it is hoped that the steady expansion of the cost of postal audit will be arrested for some time to come; but in other respects the steady development of the department must continue.

TELEGRAPH.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
REVENUE.						
Revenue Accounts—						
India . . ₹	1,35,40,107	1,41,66,341	1,49,17,910	1,54,93,000	1,41,77,000	1,41,77,000
Equivalent in Sterling	902,674	944,423	994,527	1,032,900	945,100	945,100
England . £	7,180	8,583	12,270	5,000	6,900	5,000
TOTAL . £	909,854	953,006	1,006,797	1,037,900	952,000	950,100
EXPENDITURE.						
Revenue Accounts—						
India . . ₹	96,96,237	1,05,43,702	1,16,34,002	1,17,73,000	1,22,20,000	1,23,79,000
Equivalent in Sterling	646,416	702,914	775,600	784,900	814,700	825,200
England . £	42,204	46,218	40,198	36,700	24,400	27,100
	688,620	749,132	821,798	821,600	839,100	852,300
Capital Expenditure—						
India . ₹	16,86,904	16,04,592	11,79,076	16,35,000	9,65,000	14,26,000
Equivalent in Sterling	112,460	106,972	78,605	109,000	64,300	95,100
England . £	275,409	270,101	184,044	164,000	129,700	115,900
	387,869	377,073	262,649	273,000	194,000	211,000
TOTAL . £	1,076,489	1,126,205	1,084,447	1,094,600	1,033,100	1,063,300
TOTAL NET REVENUE £	—166,635	—173,199	—77,650	—56,700	—81,100	—113,200

163. The loss in Telegraph revenue this year is attributable to the general depression of trade and the decrease in speculation. There has also been a fall in the receipts from trans-Indian messages, in consequence of the new Batavia-Cocos cable route; and a decline in foreign telegram revenue owing to the unsettled state of Persia and the consequent avoidance of the Teheran route of the Indo-European Telegraph Department. For next year the Budget is a cautious one, as the revolutionary changes in the message rates which occurred on 1st January 1909 introduced a factor of uncertainty into the estimates. It is hoped that in time they will bring increased revenue, together with greater economy in working.

MINT.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
REVENUE.						
India . . ₹	48,17,052	62,91,969	66,58,760	40,82,000	18,48,000	22,16,000
Equivalent in Sterling . . £	321,137	419,405	443,918	272,100	123,200	147,700
England £	46	33	...	...	...	...
TOTAL £	321,183	419,498	443,918	272,100	123,200	147,700
EXPENDITURE.						
India . . ₹	16,29,649	19,58,645	19,55,231	17,50,000	13,94,000	13,50,000
Equivalent in Sterling .	108,643	130,577	130,349	116,700	92,900	90,000
England . £	11,436	36,321	34,552	31,000	31,100	16,000
TOTAL £	120,079	166,898	164,901	147,700	124,000	106,000
TOTAL NET REVENUE £	201,104	252,600	279,017	124,400	—800	41,700

164. The entire cessation from April last of the coinage of new rupees, and consequently of the seignorage on them, explains the fall in Mint revenue. The profits on bronze have also been much reduced owing to the return of bronze coins from circulation after the famine. Against an estimate under this head of 12 lakhs in the current year, we now expect only 2 lakhs, with a revival to 8 lakhs next year. Dollar coinage gives us 3 lakhs this year, but we do not budget for any thing on this account next year. The profits on nickel coinage are expected to be up to the estimate of 12 lakhs, and for next year the figure is put at 13 lakhs. The expenditure has been capable of large reduction owing to the shrinkage in work.

EXPENDITURE ON CIVIL DEPARTMENTS.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
INDIA.	₹	₹	₹	₹	₹	₹
General Administration	1,83,08,239	1,86,72,411	1,93,11,376	1,94,45,000	2,01,40,000	2,03,21,000
Law and Courts of Law Justice. Jails	3,61,43,989	3,81,00,453	3,88,84,521	3,89,24,000	4,11,97,000	4,07,64,000
	1,19,00,946	1,26,45,210	1,28,24,239	1,30,40,000	1,38,94,000	1,32,51,000
Police . . .	4,59,09,098	5,29,95,067	5,71,62,909	6,12,69,000	6,27,22,000	6,39,34,000
Ports and Pilotage .	23,05,841	24,14,142	26,18,072	30,64,000	30,84,000	27,15,000
Education . . .	1,82,73,075	2,01,36,373	2,22,18,348	2,43,67,000	2,52,88,000	2,57,45,000
Ecclesiastical .	18,16,331	18,82,920	18,48,599	19,35,000	17,90,000	19,10,000
Medical . .	1,12,72,681	1,20,57,009	1,27,38,274	1,66,99,000	1,49,87,000	1,62,88,000
Political . . .	1,40,68,500	1,58,43,710	1,18,51,636	1,32,27,000	1,47,64,000	1,45,32,000
Scientific and Minor Departments . .	86,69,751	95,44,088	1,05,20,907	1,14,31,000	1,18,36,000	1,26,32,000
TOTAL INDIA .	16,87,29,051	18,42,91,383	18,99,79,481	20,34,01,000	21,03,02,000	21,20,92,000
Equivalent in Sterling .	£ 11,248,004	£ 12,286,092	£ 12,665,209	£ 13,560,100	£ 14,020,100	£ 14,139,400
ENGLAND.						
General Administration	290,342	280,008	334,718	378,100	350,100	313,000
Other heads . .	68,757	80,258	97,551	99,100	99,400	73,800
TOTAL ENGLAND .	359,099	360,266	432,269	477,200	449,500	386,800
TOTAL INDIA AND ENGLAND . .	11,607,703	12,646,358	13,097,568	14,037,300	14,469,600	14,526,200

165. All through this group of figures runs the influence of high prices, as reflected in the large expenditure on compensation to low-paid Government servants for the dearness of food grains. Apart from this cause and the Royal bonus, the chief reasons for an excess over the Budget in the current year are: special duty in the Secretariats in connection with the scheme of Constitutional Reform, the International Opium Commission, etc.; heavy expenditure on judicial proceedings and fees to counsel in special prosecutions in the two Bengals; increased salaries of judicial establishments in the United Provinces and Madras; the effect of famine prices on the cost of jail dietary in the United Provinces and Punjab; the progress of police reorganization in all provinces; the cost of a new Hooghly pilot steamer in Bengal; heavy grants-in-aid for educational institutions in Bengal and the Punjab; and the unexpected call of His Majesty the Amir on the arrears of his subsidy. The only reduction in expenditure occurs under

Medical, in consequence of the inability of the more impoverished provinces to use their sanitation grants. For next year, increased expenditure has been stopped so far as possible: and if it were not for the restoration of the full sanitary grants, the total would have been below the figure of this year's charges.

MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909.		1909-1910, Budget.
				Budget.	Revised.	
INDIA.						
Territorial and Political Pensions	₹ 35,33,235	₹ 33,77,795	₹ 33,81,861	₹ 33,81,000	₹ 33,93,000	₹ 34,08,000
Civil Furlough and Absentee Allowances	3,196	4,686	2,334	5,000	7,000	5,000
Superannuation Allowances and Pensions	1,36,65,907	1,41,42,143	1,47,52,319	1,52,31,000	1,52,21,000	1,57,92,000
Stationery and Printing	68,51,426	79,30,088	89,62,034	83,30,000	97,54,000	89,55,000
Exchange	...	...	...	...	4,95,000	...
Miscellaneous	74,33,605	62,56,856	62,15,472	44,07,000	55,60,000	53,42,000
TOTAL INDIA	3,14,87,369	3,17,11,568	3,33,14,020	3,13,54,000	3,44,30,000	3,35,02,000
Equivalent in Sterling	£ 2,099,158	£ 2,114,105	£ 2,220,935	£ 2,090,200	£ 2,295,300	£ 2,233,500
ENGLAND.						
Civil Furlough and Absentee Allowances	226,859	243,015	329,359	337,500	363,400	368,000
Superannuation Allowances and Pensions	1,999,157	2,004,949	2,025,973	2,043,500	2,045,500	2,032,000
Other Heads	122,734	145,180	196,812	148,800	174,900	151,700
TOTAL ENGLAND	2,348,750	2,393,144	2,552,144	2,529,800	2,583,800	2,551,700
TOTAL INDIA AND ENGLAND	4,447,908	4,507,249	4,773,079	4,620,000	4,879,100	4,785,200

166. Furlough and Absentee allowances are swollen by the payment to officers on leave in England of their privilege leave allowances at the India Office now, instead of in India, as was the previous rule: they were formerly charged against the same head as the officer's salary. Under Stationery and Printing there has been a large excess this year, and measures are being taken to reduce the expenditure under this head for the future. The loss on exchange in the current year is due to the low rates at which Council Bills have consistently been sold. The large addition under Miscellaneous charges represents 10 lakhs of irrecoverable Takávi which the United Provinces are writing off their revenue account.

FAMINE RELIEF AND INSURANCE.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909.		1909-1910, Budget.
				Budget.	Revised.	
INDIA.						
Famine Relief	20,52,269	47,61,866	93,33,929	1,32,07,000	1,51,90,000	30,65,000
Construction of Protective Railways	7,00,456	51,626	98,415	11,000	1,000	3,00,000
Construction of Protective Irrigation Works	43,92,058	52,55,507	60,59,990	58,65,000	60,65,000	71,78,000
Reduction or Avoidance of Debt	76,83,928	49,85,746	37,50,000	37,50,000	37,50,000	44,34,000
TOTAL INDIA ₹	1,48,28,711	1,50,54,745	1,92,42,334	2,28,33,000	2,50,06,000	1,49,77,000
Equivalent in Sterling £	988,580	1,003,650	1,282,822	1,522,200	1,667,100	998,500
ENGLAND.						
Construction of Protective Railways	8,581		...	...	...	...
Construction of Protective Irrigation Works	3,769	6,093	13,241	9,000	9,000	1,500
TOTAL INDIA AND ENGLAND	1,000,930	1,009,743	1,296,063	1,531,200	1,676,100	1,000,000

167. Details of the cost of direct Famine Relief are given elsewhere in the Statement. For next year the full moiety of the £1,000,000 grant is being allotted to Protective Works; the supply of funds for Protective Irrigation is now running short of the probable demands of the near future.

RAILWAY REVENUE ACCOUNT.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
STATE RAILWAYS—	₹	₹	₹	₹	₹	₹
Gross Receipts	35,38,43,684	38,67,10,172	40,94,54,163	43,60,93,000	39,98,82,000	43,77,36,000
Working Expenses	16,91,79,006	19,28,39,166	21,97,28,915	22,43,93,000	24,55,50,000	23,62,17,000
Net Receipts	18,46,64,678	19,38,77,006	18,97,25,248	21,16,98,000	15,43,32,000	20,15,19,000
Net Revenue equivalent at ₹15 = £1	£ 12,310,978	£ 12,925,133	£ 12,648,349	£ 14,113,200	£ 10,288,800	£ 13,434,600
Surplus Profits payable to Companies, Interest and other Charges—						
India converted at ₹15 = £1	4,307,692	2,956,708	3,152,387	3,334,200	3,140,000	3,270,500
England	5,735,338	7,415,286	7,525,561	8,303,400	8,270,300	8,634,300
Net Result	2,267,948	2,553,139	1,970,401	2,475,600	—1,121,500	1,529,800
GUARANTEED RAILWAYS—						
Net Traffic Receipts converted at ₹15 = £1	921,975	398,801	228,615	...	—700	...
Surplus Profits payable to Companies, Interest and other Charges—						
India converted at ₹15 = £1	128,913	41,702	15,531	...	12,900	...
England	1,038,620	584,751	576,576	...	...	...
Net Result	—245,558	—227,652	—363,492	...	—13,600	...
Other Receipts	42,628	56,180	52,606	52,300	70,800	50,000
Other Charges	71,192	74,003	96,513	121,400	112,100	132,700
Net Result	—28,564	—17,814	—43,907	—69,100	—41,300	—82,700
TOTAL NET RESULT	1,993,826	2,307,673	1,563,002	2,406,500	—1,176,400	1,447,100
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government	148,270,119	156,199,185	166,932,832	169,161,785	172,278,932	177,493,932
Expenditure by Companies	41,887,721	43,375,393	43,330,223	46,938,993	45,212,423	47,618,323
Outlay on the East Indian Railway from Debentures raised by the Company	7,572,122	7,572,122	9,767,539	11,869,222	12,127,839	14,527,839
Outlay on the South Indian Railway by the Company	1,511,250	1,511,250	1,513,816	1,510,050	1,507,516	1,507,516
Outlay on the Bombay, Baroda and Central India Railway by the Company	...	...	...	500,000	959,400	959,400
Outlay on the Great Indian Peninsula Railway by the Company	...	...	...	1,000,000	958,900	958,900
TOTAL	199,241,212	208,657,950	221,544,410	230,980,050	233,045,010	243,065,910
Miles open on April 1	20,227	21,441	22,134	23,594	23,643	24,180
Guaranteed Railways—						
Miles open on April 1	1,408	904	905	...	...	...

	In hundreds of pounds sterling.			In thousands of Rupees.		
	1908-1909.		1909-1910.	1908-1909.		1909-1910.
	Budget.	Revised.	Budget.	Budget.	Revised.	Budget.
	£	£	£	R	R	R
Gross Receipts including net receipts of Guaranteed Railways, and repayments of advances of interest by Subsidised Companies . .	29,125,200	26,728,900	29,232,400	43,68,78	40,09,34	43,84,86
Working Expenses . . .	14,959,700	16,370,000	15,747,800	22,43,95	24,55,50	23,62,17
Interest, Annuities, Surplus profits payable to Companies, etc. . .	11,637,600	11,423,200	11,904,800	17,45,64	17,13,48	17,85,72
Miscellaneous Charges . . .	121,400	112,100	132,700	18,21	16,82	19,91
Net Receipts .	2,406,500	—1,176,400	1,447,100	3,60,98	—1,76,46	2,17,06

168. Nothing need be added regarding these figures to the explanations given in other parts of this Statement, and more particularly in Appendix III.

IRRIGATION.

Irrigation.	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909.		1909-1910.
				Budget.	Revised.	Budget.
Major Works.	R	R	R	R	R	R
Revenue { Direct Receipts .	2,80,37,332	3,51,33,476	3,31,20,215	3,53,60,000	3,40,01,000	3,38,54,000
Revenue { Land Revenue .	1,45,31,687	1,51,04,710	1,56,07,989	1,60,99,000	1,63,05,000	1,61,79,000
Expenditure { Working Expenses	1,34,67,347	1,41,69,487	1,50,60,137	1,46,46,000	1,59,69,000	1,54,96,000
Expenditure { Interest .	1,56,21,842	1,24,26,488	1,32,88,523	1,38,19,000	1,37,20,000	1,44,21,000
Net Revenue in India R	1,34,79,830	2,36,42,211	2,05,79,544	2,29,94,000	2,06,17,000	2,01,16,000
Equivalent in Sterling £	898,656	1,576,147	1,371,970	1,533,000	1,374,400	1,341,000
Expenditure: in England £	...	106,798	108,344	111,400	110,700	112,100
Net Revenue £	898,656	1,469,349	1,263,626	1,421,600	1,263,700	1,228,900
Minor Works.						
Receipts—Direct .	24,70,095	27,55,575	34,80,677	31,45,000	32,17,000	32,22,000
Expenditure . .	1,40,60,016	1,28,53,470	1,27,37,946	1,36,31,000	1,34,59,000	1,38,17,000
Net Expenditure R	1,15,89,921	1,00,97,895	92,57,269	1,04,86,000	1,02,42,000	1,05,95,000
Equivalent in Sterling £	772,661	673,193	617,151	699,100	682,700	706,300
Statistics of Major Works.						
Capital Outlay to March 31 . R	39,97,32,861	41,64,72,915	44,04,01,069	46,09,76,500	46,10,93,069	48,28,43,069
Equivalent in Sterling £	26,648,857	27,764,861	29,360,071	30,731,767	30,739,538	32,189,538

169. The revenue from Major Works was well up to the estimate except in the Punjab and the United Provinces. In the latter province the heavy rains of last

August checked the demand for irrigation; and in the Punjab receipts fell by about 13 lakhs, owing to the poor *kharif* and excessive rain, while some of the canals had been running short in the *rabi* of the previous year. The working expenses rose in most provinces with the cost of labour, and they were specially enhanced by flood damages in the Punjab.

OTHER PUBLIC WORKS.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
EXPENDITURE.	₹	₹	₹	₹	₹	₹
India—						
Construction of Railways charged to Provincial Revenues	1,014	13,432	8,286	4,000	1,000	14,000
Civil Works, Imperial	1,08,23,843	98,05,718	1,10,89,164	1,09,85,000	1,07,69,000	1,07,96,000
Civil Works, Provincial . . .	5,10,29,268	5,45,42,760	5,81,65,645	5,49,05,000	5,62,15,000	5,16,90,000
TOTAL INDIA .	6,18,54,125	6,43,61,910	6,92,63,095	6,58,94,000	6,69,85,000	6,25,00,000
	£	£	£	£	£	£
Equivalent in Sterling .	4,123,608	4,290,794	4,617,541	4,392,900	4,465,700	4,166,700
England—						
Civil Works . £	75,023	68,758	68,102	60,900	80,300	76,500
TOTAL EXPENDITURE £	4,198,631	4,359,552	4,685,643	4,453,800	4,546,000	4,243,200
RECEIPTS.	₹	₹	₹	₹	₹	₹
India . . ₹	35,27,491	39,65,811	37,11,855	36,68,000	40,61,000	44,11,000
	£	£	£	£	£	£
Equivalent in Sterling	235,166	264,387	247,457	244,500	270,700	294,100
England . . £	19,338	23,476	1,609	...	...	...
TOTAL RECEIPTS £	254,504	287,863	249,066	244,500	270,700	294,100

170. The charges for Civil Works have increased in the Central Provinces in consequence of the large employment of what would otherwise have been famine labour on ordinary works; in Eastern Bengal and Assam, owing mainly to the laying out of the new headquarters at Dacca; in Bengal, through the acquisition of land for the Presidency College and a variety of minor reasons; in the Punjab, owing to an all-round excess over the budget provisions; and in Bombay, in consequence of a variety of new works sanctioned out of the province's balances. Lapses occurred on the other hand in Burma, the United Provinces and Madras: funds having been appropriated in the two former provinces to meet unforeseen expenditure in other directions. For next year, heavy reductions have been made in the grants, except in Madras, in order to rehabilitate the provincial finances.

MILITARY SERVICES.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
EXPENDITURE—						
INDIA.	₹	₹	₹	₹	₹	₹
Army	21,15,01,656	21,20,86,585	20,96,79,455	21,56,01,000	21,34,74,000	21,59,57,000
Marine	40,98,980	41,33,693	35,96,072	36,97,000	37,45,000	36,52,000
Military Works	1,57,00,574	1,60,28,916	1,64,44,534	1,74,46,000	1,37,08,000	1,20,84,000
Special Defences	11,28,782	14,11,302	14,31,376	4,55,000	2,64,000	1,79,000
TOTAL INDIA	23,24,29,992	23,36,60,496	23,11,51,437	23,71,99,000	23,11,91,000	23,18,72,000
	£	£	£	£	£	£
Equivalent in Sterling	15,495,333	15,577,365	15,410,096	15,813,300	15,412,800	15,458,100
ENGLAND.						
Army	5,167,020	5,518,740	4,668,903	4,599,100	4,868,500	4,953,800
Marine	277,805	386,789	245,286	226,800	223,400	230,300
Military Works	48,199	58,921	70,640	36,100	40,000	50,000
Special Defences	71,054	44,271	20,862	79,100	13,000	16,000
TOTAL ENGLAND	5,564,078	6,008,721	5,005,691	4,941,100	5,144,900	5,250,100
TOTAL EXPENDITURE	21,059,411	21,586,086	20,415,787	20,754,400	20,557,700	20,708,200
RECEIPTS.						
INDIA.	₹	₹	₹	₹	₹	₹
Army	99,30,824	1,11,83,628	92,48,424	75,51,000	74,24,000	76,90,000
Marine	19,93,297	22,21,896	13,15,296	11,82,000	18,81,000	10,42,000
Military Works	7,39,582	7,64,984	8,59,015	8,50,000	8,89,000	8,83,000
TOTAL INDIA	1,26,63,703	1,41,70,508	1,14,22,735	95,83,000	1,01,94,000	96,15,000
	£	£	£	£	£	£
Equivalent in Sterling	844,247	944,700	761,516	638,900	679,600	641,000
ENGLAND.						
Army	527,641	471,994	405,917	377,800	347,000	414,200
Marine	10,884	49	...	...	...	...
Military Works	...	...	...	...	...	...
TOTAL ENGLAND	538,525	472,043	405,917	377,800	347,000	414,200
TOTAL RECEIPTS	1,382,772	1,416,743	1,167,433	1,016,700	1,026,600	1,055,200

171. The figures in this and the following tables are fully examined in Appendix II.

ARMY.

	Accounts, 1905-1906.	Accounts, 1906-1907.	Accounts, 1907-1908.	1908-1909. Budget.	1908-1909. Revised.	1909-1910, Budget.
EXPENDITURE.						
INDIA—						
Effective Services—	₹	₹	₹	₹	₹	₹
Regimental Pay and Allowances.	10,20,30,717	11,35,70,152	11,39,85,464	11,79,89,000	11,50,66,000	12,24,67,000
Supply and Transport	4,49,48,266	3,44,92,964	3,21,56,189	3,36,42,000	3,23,24,000	3,28,84,000
Ordnance	1,26,01,944	1,24,61,639	1,20,90,053	1,31,71,000	1,23,33,000	1,05,32,000
Other Heads	3,47,43,022	4,14,44,865	4,09,56,501	4,06,08,000	4,37,13,000	4,00,06,000
	19,43,23,949*	20,19,69,620	19,97,88,207	20,54,10,000	20,34,36,000	20,58,89,000
Non-effective Services	1,02,95,803	1,01,16,905	98,91,248	1,01,91,000	1,00,38,000	1,00,68,000
Reorganisation	68,81,904	...	...	...	...	...
TOTAL INDIA	21,15,01,656	21,20,86,585	20,96,79,455	21,56,01,000	21,34,74,000	21,59,57,000
	£	£	£	£	£	£
Equivalent in Sterling	14,100,110	14,139,105	13,978,630	14,373,400	14,231,600	14,397,100
ENGLAND—						
Effective Services—						
Payments to War Office in respect of British Forces serving in India.	565,720	654,187	630,829	670,000	902,900	955,200
Furlough Allowances and Pay during Voyage of British Forces	129,263	144,253	140,431	141,000	147,300	150,000
Furlough Allowances of Officers of the Indian Service	292,877	313,521	341,783	320,000	358,000	360,000
Indian Troop Service	313,810	361,715	341,122	333,600	337,200	316,700
Other Heads	50,915	46,193	112,745	52,500	54,200	41,200
Stores for India—						
Clothing	192,966	202,055	209,463	234,100	174,700	166,600
Ordnance and Miscellaneous.	433,277	1,264,531	338,368	267,300	326,000	336,500
Other Heads	87,837	106,445	103,549	111,600	99,400	138,400
	2,066,605	3,092,900	2,218,290	2,130,100	2,399,700	2,464,600
Non-effective Services—						
Payments to War Office for Retired Pay, etc., of British Forces for services in India.	715,283	772,680	816,586	841,000	822,500	865,000
Pay and Pensions in respect of the Indian Service	1,515,868	1,499,954	1,471,685	1,465,000	1,475,000	1,450,000
Other Heads	153,637	153,206	162,342	163,000	171,300	174,200
	2,384,788	2,425,840	2,450,613	2,469,000	2,468,800	2,489,200
Reorganisation—						
Stores for India.	715,567	...	...	...	...	...
TOTAL ENGLAND £	5,167,020	5,518,740	4,668,903	4,599,100	4,868,500	4,953,800
TOTAL EXPENDITURE £	19,267,130	19,657,845	18,647,533	18,972,500	19,100,100	19,350,900
RECEIPTS.	₹	₹	₹	₹	₹	₹
India ₹	99,30,824	1,11,83,628	92,48,424	75,51,000	74,24,000	76,90,000
	£	£	£	£	£	£
Equivalent in Sterling	662,055	745,575	616,562	503,400	494,900	512,700
England £	527,641	471,994	405,917	377,800	347,000	414,200
TOTAL RECEIPTS £	1,189,696	1,217,569	1,022,479	881,200	841,900	926,900

* The details for 1905-1906 are compiled on a different plan from that followed for 1906-1907 and subsequent years.

Section V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue.

RAILWAY CONSTRUCTION.

Capital outlay on Railway in 1908-1909 and 1909-1910.

172. The expenditure on Railway Construction for which the Government of India undertakes financial responsibility or gives any direct guarantee is now estimated at R15,00,00,000 in 1908-1909. There was a lapse of about 75 lakhs of rupees from the amount placed at the disposal of the Secretary of State, but it has been counterbalanced by increased grants for expenditure in India.

For 1909-1910 the programme of capital outlay on Railway Construction has been placed at R15,00,00,000.

The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1907-1908 to 1909-1910 is as follows:-

	Accounts, 1907-1908.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
Expenditure in England	£	£	£
1. State Lines	2,414,214	3,296,200	2,256,300
2. Old Guaranteed Railways	457,938	...	...
3. Extensions of ditto	694	...	...
4. Other Guaranteed or Assisted Railways	1,575,567	1,218,600	1,418,100
TOTAL	4,448,413	4,514,800	3,674,400
Equivalent in rupees of Expenditure in England.	R	R	R
1. State Lines	3,62,13,212	4,94,43,000	3,38,45,000
2. Old Guaranteed Railways at contract rates	49,95,687	...	...
3. Extensions of ditto at prescribed rates	10,404	...	...
4. Other Guaranteed or Assisted Railways at contract rates	2,36,33,523	1,82,79,000	2,12,72,000
TOTAL	6,48,52,826	6,77,22,000	5,51,17,000
Expenditure in India.			
1. State Lines	12,22,92,466	7,23,30,000	8,00,67,000
2. Old Guaranteed Railways	—*83,59,941*	—*7,000*	...
3. Extensions of ditto	35,362	...	...
4. Other Guaranteed or Assisted Railways	—*2,43,14,702*	99,35,000	1,47,98,000
5. Branch Lines on firm guarantee	3,648	20,000	18,000
6. Local Boards' Lines	5,12,444	...	...
TOTAL INDIA	9,01,69,277	8,22,78,000	9,48,83,000
TOTAL OF PROGRAMME IN RUPEES	15,50,22,103	15,00,00,000	15,00,00,000
DITTO IN £ STERLING AT R15 TO THE £	10,334,807	10,000,000	10,000,000

Total outlay on Railways including expenditure by Branch Line Companies and on Protective Lines, etc.

173. The figures in the above table do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee. Including this expenditure, and also some small expenditure from Provincial Revenues, the total outlay on Railway Construction in the three years is as follows:—

	Accounts, 1907-1908. R	Revised Estimate, 1908-1909. R	Budget Estimate, 1909-1910. R
Total as in preceding table	15,50,22,103	15,00,00,000	15,00,00,000
Famine Protective Lines	98,415	1,000	3,00,000
Branch Lines not on firm guarantee	1,24,899	3,43,000	10,48,000
Provincial State line	8,286	1,000	14,000
GRAND TOTAL IN RUPEES	15,52,53,703	15,03,45,000	15,13,62,000
DITTO IN £ STERLING AT R15 TO THE £	10,350,247	10,023,000	10,090,800

174. Details of the expenditure on State and Companies' lines, whether open or under construction, for 1908-1909 and 1909-1910, will be found in Statement A of Appendix III, furnished by the Railway Board.

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

175. The figures are—

	Accounts, 1907-1908.	Budget, 1908-1909.	Revised, 1908-1909.	Budget, 1909-1910.
Total in Rupees	1,26,85,822	1,50,00,000	1,50,00,000	1,50,00,000
Equivalent in Sterling	845,722	1,000,000	1,000,000	1,000,000

Capital outlay on Productive Irrigation Works.

176. The Budget grant of 150 lakhs is expected to be fully spent during the current year. The grant in next year's Budget has again been fixed at 150 lakhs. The following table shows the projects included in the programme of 1908-1909 as now revised and in that of 1909-1910, and the amount to be spent on each :—

Name of project.	Expenditure in 1908-1909.	Expenditure in 1909-1910.
	₹	₹
Canals in operation—		
Mandalay Canal	64,000	1,28,000
Shwebo „	3,55,000	3,34,000
Ganges „	1,00,000	3,01,000
Lower Ganges Canal	1,40,000	2,15,000
Fatehpur Branch, Lower Ganges Canal	33,000	39,000
Agra Canal	1,80,000	1,42,000
Eastern Jumna Canal	52,000	60,000
Western „ „	21,000	40,000
Upper Bari Doab „	1,62,000	2,50,000
Sirhind Canal	2,000	50,000
Lower Chenab Canal	1,28,000	50,000
Lower Jhelum „	1,56,000	4,50,000
Indus Inundation Canals	42,000	2,50,000
Godavari Delta	27,000	27,000
Kistna „	2,30,000	2,10,000
Cauvery „	1,00,000	1,00,000
Periyar Project	1,07,000	1,01,000
Canals under construction—		
Mon Canals	8,52,000	8,55,000
Ye-u Canal	28,000	1,03,000
Upper Chenab Canal	48,18,000	34,00,000
Upper Jhelum „	37,00 000	35,00,000
Lower Bari Doab Canal	13,20,000	20,00,000
Paharpur Inundation Canal	2,08,000	80,000
Upper Swat River Canal	11,00,000	12,20,000
Nagavalli River Project	2,30,000	2,10,000
Divi Island Project	1,60,000	1,60,000
Other Projects	6,85,000	7,25,000
TOTAL ₹	1,50,00,000	1,50,00,000
Equivalent in Sterling £	1,000,000	1,000,000

Section VI.—Provincial Finance.

Revenue, Expenditure and balances of the various provinces.

177. The revision of the Madras provincial settlement, on the lines indicated in paragraph 188 of last year's Financial Statement, has been confirmed by the Secretary of State. He has also sanctioned the new settlement with the United Provinces, though certain modifications in detail have been made in the terms which were provisionally conceded last year. The temporary settlement with Eastern Bengal and Assam would expire on the 31st March next, but it has been extended for another year. When it is revised, all the provinces will have been given settlements of a *quasi*-permanent character.

178. The attached table, which gives the usual information about provincial revenues, expenditure and balances, indicates how seriously their reserves have been encroached upon during the current year:—

Province.	Estimate for the present *quasi*-permanent Settlement.	Accounts. 1905-1906.	Accounts. 1906-1907.	Accounts. 1907-1908.	Revised, 1908-1909.	Budget, 1909-1910.
1	2	3	4	5	6	7
	₹	₹	₹	₹	₹	₹
MADRAS—						
Total Revenue, including adjustments	5,38,22,000	4,12,83,000	4,90,74,000	4,96,84,000	5,79,52,000	5,88,46,000
Total Expenditure	5,38,22,000	4,10,63,000	4,78,56,000	4,97,29,000	5,64,84,000	5,84,19,000
Closing Balance	...	83,30,000	1,00,27,000 (*a*)	99,82,000	1,14,50,000	1,18,77,000
BOMBAY—						
Total Revenue, including adjustments	4,91,75,000	5,24,22,000	5,70,63,000	5,76,58,000	5,87,32,000	6,20,87,000
Total Expenditure	4,91,75,000	5,24,65,000	5,53,11,000	5,80,26,000	6,13,72,000	6,26,07,000
Closing Balance	...	76,30,000	98,18,000 (*b*)	96,02,000 (*g*)	69,62,000	64,42,000
BENGAL—						
Total Revenue, including adjustments	4,74,40,000	5,15,45,000†	5,03,57,000	5,21,15,000	5,58,55,000	5,60,35,000
Total Expenditure	4,74,40,000	5,34,97,000	5,22,35,000	5,43,71,000	5,71,06,000	5,69,12,000
Closing Balance	...	1,10,48,000	93,84,000 (*e*)	71,28,000	58,77,000	50,00,000*
EASTERN BENGAL AND ASSAM—						
Total Revenue, including adjustments	2,22,82,000	1,80,90,000‡	2,33,88,000	2,44,66,000	2,67,98,000	2,63,32,000
Total Expenditure	2,22,82,000	1,43,70,000	2,35,88,000	2,70,62,000	2,91,64,000	2,94,39,000
Closing Balance	...	62,00,000	61,50,000 (*f*)	35,66,000 (*g*)	12,00,000	—19,07,000
UNITED PROVINCES OF AGRA AND OUDH—						
Total Revenue, including adjustments	5,21,14,000	3,84,90,000	4,82,67,000	4,71,62,000	6,36,48,000	5,60,10,000
Total Expenditure	5,21,14,000	4,13,69,000	4,74,71,000	5,07,49,000	6,26,50,000	5,57,30,000
Closing Balance	...	37,79,000	55,87,000 (*c*)	20,02,000 (*g*)	30,00,000	32,80,000
PUNJAB—						
Total Revenue, including adjustments	2,49,50,000	2,67,42,000	3,11,94,000	3,10,26,000	3,21,64,000	3,39,59,000
Total Expenditure	2,49,50,000	2,95,39,000	3,18,55,000	3,34,34,000	3,40,18,000	3,33,77,000
Closing Balance	...	51,98,000	54,06,000 (*d*)	30,51,000 (*h*)	11,97,000	17,79,000
BURMA—						
Total Revenue, including adjustments	4,39,66,000	4,15,66,000	4,72,55,000	4,40,66,000	4,46,15,000	4,49,12,000
Total Expenditure	4,39,66,000	4,41,80,000	4,53,64,000	4,71,96,000	4,71,96,000	4,48,51,000
Closing Balance	...	42,92,000	61,83,000	30,53,000	4,72,000	5,33,000
CENTRAL PROVINCES AND BERAR—						
Total Revenue, including adjustments	1,76,43,000	1,58,69,000	2,07,56,000	2,14,98,000	2,17,29,000	2,44,96,000
Total Expenditure	1,76,43,000	1,26,34,000	1,90,05,000	2,24,25,000	2,49,34,000	2,43,50,000
Closing Balance	...	40,35,000	57,86,000	48,68,000 (*g*)	16,63,000	18,09,000

* Represents ₹50 lakhs held for the Calcutta improvement scheme referred to in paragraph 219 of the Financial Statement for 1904-1905.

† Whole of Bengal up to 15th October 1905 and Bengal after partition for the rest of the year.

‡ Assam up to 15th October 1905 and Eastern Bengal and Assam for the rest of the year.

(*a*) Includes ₹4,79,000 on account of Ryotwari Village Service Fund balance on 1st April 1906 transferred to Provincial.

(*b*) Includes ₹4,36,000 on account of the balance of the Sind Village Officers' Fund on 1st April 1905 transferred to Provincial.

(*c*) Includes ₹10,12,000 on account of Patwari Fund balance on 1st April 1906 transferred to Provincial.

(*d*) Includes ₹8,69,000 on account of Patwari Fund balance on 1st April 1906 transferred to Provincial.

(*e*) Includes ₹2,18,000 on account of the balance of the Zamindari Dâk cess *less* ₹4,000 minus balance of Patwari Fund transferred from Local to Provincial.

(*f*) Includes ₹1,50,000 on account of the balance of the Zamindari Dâk Fund.

(*g*) Include the balances of the Incorporated Local Funds which were absorbed in general revenues with effect from 1st April 1908.

(*h*) Includes ₹53,000 on account of the balance of the Copying Agency fund, now merged in general revenues.

179. The figures of revenue given against the provinces require to be qualified. During the period covered by the table, the Government of India have made large additions to the Provincial resources; these were made either to enable Local Governments to incur special expenditure on new services, such as police reforms,

primary education, grants to District Boards and the like, or to meet expenditure transferred from Imperial to Provincial revenues, or to replenish balances which had been depleted by famine, plague, or similar cause. On the other hand, transfers from Provincial to Imperial revenues have occasionally been made when a charge which at settlement was Provincial in its incidence has been taken over by Imperial. The net result of these transactions is shown below for the four provinces whose balances have suffered most :—

	1906-1907.	1907-1908.	1908-1909.	1909-1910.
Bengal . . .	6,43,000	15,30,000	43,51,000	27,01,000
Eastern Bengal and Assam.	3,27,000	2,80,000	20,74,000	7,21,000
United Provinces .	74,74,000	95,49,000	92,33,000	13,11,000
Burma . . .	...	6,58,000	2,01,000	3,16,000

Of these grants the following amounts were made in aid of Provincial balances :—

Bengal	...	16,95,000
Eastern Bengal and Assam . .	..	13,08,000
United Provinces	41,18,000	82,92,000*

* R10,00,000 given to start the new settlement.

180. In every province except Madras there is expected to be a deficit on the current year's working, though the result is obscured in the United Provinces by the heavy subsidy referred to above. The year has certainly been an exceptional one : but it has provided evidence of the difficulty that most provinces experience in adapting their expenditure to a sudden deterioration in their resources ; and it suggests that in most of the provinces a scale of expenditure has been reached which is in advance of the development of their revenues. Local Governments have been addressed on the subject, and invited to rehabilitate their balances whenever necessary. In the meanwhile, several provinces are budgeting to close with a balance below the prescribed minimum ; while Eastern Bengal and Assam will overdraw largely upon Imperial balances.

181. During the present year and in the Budget the following special subsidies are provided for from Imperial funds :—

(The figures are in thousands of rupees.)

—	Revised, 1908-1909.				Budget, 1909-1910.	
	To meet expenditure on account of the Royal bonus.	Redistribution of districts and divisions.	In aid of provincial balances.	Lump assignment in connection with revision of Provincial settlement.	For further Police reforms.	Redistribution of districts and divisions.
Madras	3,05	28	...	...	...	76
Bombay	1,85	...	...	...	3,00	...
Bengal	1,52	...	16,95	..	2,50	...
United Provinces	2,59	...	(a)72,92	10,00	4,00	...
Punjab	1,25	...	...	...	...	...
Eastern Bengal and Assam . .	88	..	13,08	...	1,50	...
Burma	1,74	...	...	...	...	...
Central Provinces . . .	88	...	...	...	50	...
Total .	13,76	28	1,02,95	10,00	11,50	76

(a) Of this R14,82 was given in the budget, and is now included in the larger figure.

182. The grant to Madras for the redistribution of the districts and divisions in that Presidency was not allowed for in the Settlement as the scheme had not at the time received sanction, but a grant was promised to be made when it was sanctioned. The United Provinces received a grant of 30 lakhs when the Settlement of 1904 came into operation; in consideration of the fact that famine has swept away all its reserves in the interval, a further grant of 10 lakhs is now made, in addition to the prescribed minimum balance of 20 lakhs, and with special reference to the scheme for a new hospital to be attached to the Medical College at Lucknow.

Section VII.—Ways and Means.

HOME TREASURY.

183. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates of 1908-1909 and in the Budget Estimate of 1909-1910.

	Budget, 1908-1909.	Revised, 1908-1909.	Budget, 1909-1910.
RECEIPTS.	£	£	£
Capital raised and deposited by Railway Companies—			
For Capital outlay	1,000,500	2,513,100	1,300
* For discharge of Debentures	1,420,600	8,800	3,491,400
Temporary debt renewed	2,000,000	1,000,000	6,000,000
Deposits and Advances—			
Gold Standard Reserve	3,411,400	9,195,300	2,230,000
Currency Reserve	50,600	463,900	...
Other items	15,100	66,500	1,000
Remittance Account between England and India—			
Railway transactions	4,653,500	4,284,800	2,404,700
Gold received from India	...	239,900	...
Gold withdrawn from Paper Currency Reserve	1,500,000	2,205,000	...
Other transactions	789,200	543,900	382,300
Total Receipts, excluding Council Bills and Loans	14,840,900	20,621,200	14,510,700
DISBURSEMENTS.			
Excess of Expenditure over Revenue	17,988,500	18,348,900	18,717,000
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	3,093,100	3,352,200	2,289,300
Redemption of Railway Liabilities	...	1,500,000	...
Outlay of Railway Companies	1,647,300	1,220,500	1,419,400
*Payments to Railway Companies for discharge of debentures	1,420,600	8,800	3,491,400
Permanent Debt discharged	865,800	865,800	179,400
Temporary Debt discharged	2,000,000	1,000,000	6,000,000
Deposits and Advances—			
Gold Standard Reserve; Investments	3,417,000	2,268,500	2,230,000
Payments in respect of Bills of Exchange on London sold in India	...	8,058,000	...
Currency Reserve	50,600	463,900	...
Other transactions	7,100	14,800	1,500
Remittance Account between England and India—			
Railway transactions	5,060,900	3,474,500	3,130,000
Other transactions	392,000	558,000	445,700
Total Disbursements	35,942,900	41,133,900	37,903,700
NET DISBURSEMENT	21,102,000	20,512,700	23,393,000
Financed as follows:			
Council Bills	18,500,000	12,255,100	16,200,000
Permanent Debt incurred	746,000	5,217,100	2,823,700
Temporary Debt incurred	500,000	5,000,000	...
Reduction of cash balance	1,356,000	—1,959,500	4,369,300
TOTAL	21,102,000	20,512,700	23,393,000
Opening Balance	5,115,012	5,738,489	7,697,989
Closing Balance	3,759,012	7,697,989	3,328,689

* The heads marked with an asterisk appear on both the receipt and payment sides. As the receipt and disbursements under each of them are generally equal, they do not affect the Ways and Means of the year to any material extent.

184. The figures on both sides of the account are swollen by the large transactions relating to the Gold Standard Reserve. In consequence of the fall in exchange, and under an arrangement which is described in Part I of this statement, Bills drawn in India on London were paid during the year to the amount of £8,058,000. These Bills were met from the sale-proceeds of securities of the Gold Standard Reserve, from dividends that accrued to it, and from the amount of £1,131,200 which was held in the cash balance in England on 31st March 1908 on account of the Reserve, securities having been sold shortly before the close of the financial year 1907-1908, and certain balances having remained uninvested. The amount drawn or withheld from the Reserve in excess of what was actually required for the payment of Bills drawn in support of exchange will be invested on behalf of the Reserve before the close of the year.

185. Apart from these exceptional transactions upon the Gold Standard Reserve, the net disbursements of the year are now taken at £19,381,500 against £21,096,400. The difference occurs mainly in the operations of what are sometimes known as the "remittance" companies which work State railways : see paragraph 190 below. But the drop in the net disbursements is also due in part to the Secretary of State having drawn £705,000 more from the Currency Reserve (against a contrary payment in India) than had been budgeted for; and to his having received £239,900 in light weight gold coin and bullion from India.

186. The persistent weakness of exchange throughout the year led to a very great reduction in the Secretary of State's drawings upon India. The Budget anticipated that he would sell £18,500,000 Bills and Telegraphic Transfers; but during long periods of the year it was impossible for him to obtain a suitable price, and it is now estimated that the sales will amount to only £13,525,000. Of this £1,269,900 will be appropriated to repay to the Gold Standard Reserve certain sums borrowed from it for treasury purposes in India and the remaining £12,255,100 will be available to meet the disbursements of the Home Treasury. Inasmuch as the net expenditure was somewhat less than the budgeted figure, the extent to which the sale of Council Drafts had to be supplemented from other resources was £5,655,600. The bulk of this was obtained by temporary borrowings, the issue of India Bills being increased from £500,000 to £5,000,000; the balance was taken from the Home Treasury balances, which were replenished towards the end of the year by part of the proceeds of a new sterling loan of £7,500,000.

187. Among the transactions other than those on Railway account or relating to the Gold Standard Reserve, the chief variations from the Budget figure are due to the increased payments to the War Office in respect of British forces serving in India, and to the diminished income received from interest upon temporary investments of the cash balance. The net result of miscellaneous remittances was also unfavourable to the Home Treasury, owing to a variety of minor causes, *e.g.*, a decline in postal and money orders receipts, an increased demand for stores for local funds and Native States, etc.

188. The details of the transactions under capital raised and deposited by Railway Companies are as follows :— *1908-1909. Capital raised and deposited by Railway Companies.*

Receipts. *Subscribed Capital.*	Budget, 1908-1909.	Revised, 1908-1909.
To discharge Debentures—	£	£
Bengal-Nagpur Railway Extensions	665,600	...
Indian Midland Railway	500,000	...
Madras and Southern Mahratta Railway	255,000	...
	1,420,600	...
To meet Capital outlay—		
Burma Railways	1,000,000	1,020,000
Share capital issued in exchange for a portion of the Madras Railway Annuity	...	1,500,000
Miscellaneous (Transfer fees, etc.)	500	1,900
Total	1,000,500	2,521,900
Total Receipts	2,421,100	2,521,900
Issues.		
For discharge of Debentures (including discount paid on renewal of debentures)	£ 1,420,600	£ 8,800
For Capital outlay, *i.e.*, Stores, Establishment Charges, etc.	1,647,300	1,220,500
Total	3,067,900	1,229,300

189. The Burma Railway was the only line which was able to raise any capital. A portion of the Madras Railway Annuity was redeemed by the issue of Madras and Southern Mahratta Railway shares to the extent of £1,500,000. This item appears on the receipt side in the table in paragraph 183 under "Capital raised and deposited by Railway Companies" and on the disbursement side as "Redemption of Railway liabilities." It is not a direct liability of the Secretary of State, and does not therefore represent any increase of permanent debt. The Budget provided for payment of £1,420,600 for the discharge of debentures of Railway Companies. Instead of being replaced by fresh capital, the debentures were renewed at a discount of £8,800.

190. The Railway Companies whose transactions are dealt with above have separate capital deposit accounts in England, and funds raised and withdrawn by them in England are brought directly to account in the Home Treasury. It is the practice for certain other Companies which work State Railways to receive advances from the Secretary of State for the purchase of stores; and funds are sometimes raised by them and deposited with the Secretary of State. These deposits and advances, instead of being brought directly to account in England, are treated as remittances from and to India respectively, and are brought to account in this country. The details of the transactions during the current year are as follows:—

	Budget, 1908-1909.	Revised, 1908-1909.
RECEIPTS.	£	£
Debentures raised—		
East Indian Railway for additional capital expenditure	2,400,000	2,360,300
Bombay, Baroda and Central India Railway for additional capital expenditure	500,000	959,400
Great Indian Peninsula Railway	1,000,000	958,900
South Indian Railway for discharge of debentures	750,000	...
Transfer fees, etc.	3,500	6,200
TOTAL RECEIPTS	4,653,500	4,284,800
ISSUES.		
Rental paid to South Behar Railway Company	30,000	30,000
South Indian Railway for the discharge of debentures	750,000	6,300
Advances for purchase of stores—		
East Indian Railway	1,170,000	1,198,400
Rajputana-Malwa Railway	333,000	256,000
South Indian Railway	338,600	211,800
Bengal and North-Western Railway	130,000	63,300
Great Indian Peninsula Railway	1,800,000	1,097,100
Bombay, Baroda and Central India Railway	427,000	439,700
Madras and Southern Mahratta Railway (Madras Section, 1st April to 30th June 1908)	82,300	107,800
TOTAL	5,060,900	3,410,400
Burma Railway Company: special payment in lieu of a share of surplus profits to the holders of new Capital stock issued in 1908	...	5,500
Madras and Southern Mahratta Railway: special payment in respect of the Company's share of net earnings for the half-year to 30th June 1908	...	46,400
Ditto: share of surplus profits	...	12,200
TOTAL ISSUES	5,060,900	3,474,500

191. The East Indian, the Bombay, Baroda and Central India and the Great Indian Peninsula Railways were able to raise debenture stock to the extent of £2,450,000, £1,000,000 and £1,000,000 respectively, realising the amounts shown against each. The South Indian Railway debentures which matured during the year were not discharged, being renewed at a discount of £6,300.

192. As stated in paragraph 200 of the last year's financial statement, a loan of £5,000,000 India 3½ per cent. stock was raised in January 1908 towards providing for the Railway programme of 1908-1909 and for the discharge of certain Bombay, Baroda and Central India debentures. Similarly in February 1909, a 3½ per cent. sterling loan of 7½ millions was issued at the fixed price of £97 and was underwritten at a charge of one per cent. As explained already, it has been decided, in view of the heavy charges incurred in connection with the flotation of this loan, to take credit in the accounts for the actual money received and to create a sinking fund for the redemption of liabilities incurred in excess of this sum; a similar arrangement has been adopted in the past whenever the charges of a new loan have been unusually heavy. Of the net amount receivable, £4,350,000 will be received in the current year and the balance of £2,823,700 in 1909-1910. *1908-190 Loans.*

193. The Budget also provided for the issue of £500,000 India Sterling Bills, and for renewing twice during the year the six months' India Bills for £1,000,000 issued in October 1907. As a matter of fact, the latter set of bills, on maturity in April 1908, were replaced for 12 months, and there were further issues for 12 months of bills for £5,000,000. The first £1,000,000 was issued in April 1908 at an average price of £96-15-10 per cent.; in June the Secretary of State advertised another £2½ millions; this was taken up at an average rate of discount of £2-16-2 per cent. A similar amount advertised in November was taken up at a discount of £2-18-8 per cent.

194. The Budget Estimates provide for a net disbursement of £23,393,000 including a payment of £179,400 for the discharge of Railway debentures which mature during the year. The net disbursements are estimated at £2,291,000 more than the current year's Budget. This is the net result of the following variations:— *1909-1910. The Budget Estimate.*

Worse.	£
Net expenditure on Revenue account, *more*	728,500
Deposits, Advances and miscellaneous Remittance transactions, net	463,500
Net payments to Railway Companies, *more*	1,089,200*
Gold withdrawn from Paper Currency Reserve, *less*	1,500,000
Better.	
Outlay on State Railways, *less*	803,800
Permanent Debt discharged, *less*	686,400

	Budget, 1908-1909.	Budget, 1909-1910.
* RECEIPTS—	£	£
Capital deposited by Railway Companies—		
For capital outlay	1,000,500	1,300
For discharge of debentures	1,420,600	3,491,400
Remittance account between England and India—		
Railway transactions	4,653,500	2,404,700
Total receipts	7,074,600	5,897,400
DISBURSEMENTS—		
Railway and Irrigation capital not charged to Revenue—		
Outlay of Railway Companies	1,647,300	1,419,400
Payment for discharge of debentures	1,420,600	3,491,400
Remittance account between England and India—		
Railway Transactions	5,060,900	3,130,000
Total disbursements	8,128,800	8,040,800
NET DISBURSEMENTS	1,054,200	2,143,400
Increase		1,089,200

195. Of the net disbursement of £23,393,000, it is proposed to meet £16,200,000 by Council Bills supplemented by the sum of £2,823,700 to be received next year on account of the balance of the 7½ millions sterling loan of the current year. The difference between the sum of these two items and the amount of net disbursement will be met by drawing on the Secretary of State's cash balances which are estimated to stand at £3,328,689 on 31st March 1910.

1909-1910. Loans.

196. The 12 months' India Bills, amounting to £6,000,000 in all, will be renewed during 1909-1910.

1908-1909 and 1909-1910. Gold Standard Reserve.

197. The following are the details of the transactions of the Gold Standard Reserve in England :—

	1908-1909.		1909-1910.
	Budget.	Revised.	Budget.
RECEIPTS.	£	£	£
(*a*) Proceeds of the Sale of Securities	...	7,568,900	...
(*b*) Dividends on investments and discount on Treasury Bills	411,400	281,500	230,000
(*c*) Treasury Bills paid off at maturity	3,000,000	75,000	2,000,000
(*d*) Remitted from India by Council Bills	...	1,269,900	...
TOTAL	3,411,400	9,195,300	2,230,000
CHARGES.			
Investments made	3,417,000	2,268,500	2,230,000
Payments in respect of Bills of Exchange on London sold in India	...	8,058,000	...

198. The following statement shows the transactions and balances of the fund in the two years in England and India taken together :—

	Budget, 1908-1909.	Revised, 1908-1909.	Budget, 1909-1910.
	£	£	£
Opening balance—			
Invested	14,019,700	13,186,500	7,694,300
Uninvested—			
(1) Held in Gold	...	1,131,200	...
(2) Held in rupees	4,000,000	4,000,000	10,808,600
(3) Due from treasury balances	335,600	300	300
	18,355,300	18,318,000	18,503,200
Closing balance—			
Invested	14,436,700	7,694,300	7,924,300
Uninvested—			
(1) Held in Gold	666,700	...	...
(2) Held in rupees	4,000,000	10,808,600	10,808,600
(3) Due from treasury balances	330,000	300	
	19,433,400	18,503,200	18,733,200
Profit on new coinage credited to the reserve	666,700	...	...
Interest on investments	411,400	281,500	230,000
Interest on temporary loan to the Government of India	...	20,500	...
Loss on the sale of Securities	...	116,800	...

199. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies (omitting transfer fees, etc.) included in the estimates for 1908-1909 and 1909-1910 :— *1908-1909 and 1909-1910. Summary of debt transactions and Capital Account of Railway Companies.*

	Budget, 1908-1909.	Revised, 1908-1909.	Budget, 1909-1910.
RECEIPTS.	£	£	£
Council Bills	18,500,000	12,255,100*	16,200,000
Permanent Debt incurred (India Stock) . . .	746,000	5,217,100	2,823,700
Temporary Debt raised . .	2,500,000	6,000,000	6,000,000
Receipts on account of the Subscribed Capital of Railway Companies . .	2,420,600	2,520,000	3,491,400
Receipts on account of the Debenture Capital of Railway Companies working purchased Railways . .	4,650,000	4,278,600	2,400,000
OUTGOINGS.			
Redemption of Railway Liabilities	...	1,500,000	...
Permanent Debt discharged .	865,800	865,800	179,400
Temporary Debt discharged .	2,000,000	1,000,000	6,000,000
Discharge of Debentures of Railway Companies working purchased Railways . .	750,000	...	...
Discharge of other Railway Companies' Debentures .	1,420,600	...	3,491,400

200. The programme herein announced of the probable drawings on India, and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies, represents the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can be given that this programme will be adhered to either in amount or in form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year. The estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements, but additional Bills will as usual be sold if needed to meet the demands of trade.

*Exclusive of £1,269,900 appropriated for the Gold Standard Reserve.

INDIA.

201. The following is a summary of the Estimates of Ways and Means in India during 1908-1909 and 1909-1910:—

	Budget Estimate, 1908-1909.		Revised Estimate, 1908-1909.		Budget Estimate, 1909-1910.	
	Rupee figures.	Equivalent in £ at ₹15=£1.	Rupee figures.	Equivalent in £ at ₹15=£1.	Rupee figures.	Equivalent in £ at ₹15=£1.
Receipts.	₹	£	₹	£	₹	£
1. Excess of Revenue over Expenditure charged to Revenue	27,83,99,000	18,560,000	21,94,26,000	14,628,400	28,42,19,000	18,947,900
*2. Capital raised through Companies for outlay on State Railways (net)	5,85,00,000	3,900,000	6,40,84,000	4,272,300	3,60,00,000	2,400,000
3 (*a*). Capital subscribed by Native States towards outlay on State Railways	...	...	10,00,000	66,600	...	...
4. Profits on Rupee coinage appropriated to railway construction	1,00,00,000	666,700	...	...	...	...
5. Capital raised and deposited by Railway Companies	2,09,000	13,900	2,61,000	17,400	10,40,000	69,300
6. Unfunded Debt incurred, mostly Savings Bank deposits (net)	68,03,000	453,500	40,82,000	272,200	1,28,02,000	853,500
7. Appropriation for Reduction or Avoidance of Debt	37,50,000	250,000	37,50,000	250,000	44,34,000	295,600
8. Other Deposits and Remittances (net)	35,59,000	237,300	—48,98,000	—326,500	76,21,000	508,000
9. Remittance account between England and India—Transactions of Railway Companies (net) excluding debenture capital	6,46,11,000	4,307,400	5,19,29,000	3,462,000	4,68,80,000	3,125,300
Total Receipts excluding Loans	42,58,31,000	28,388,800	33,96,34,000	22,642,400	39,29,96,000	26,199,600
Disbursements.						
10. Capital Expenditure not charged to Revenue—						
(*a*) State Railways and Irrigation Works	9,69,31,000	6,462,000	8,64,90,000	5,766,000	9,45,72,000	6,304,800
(*b*) Outlay by Companies (net)	—27,75,000	—185,000	1,02,89,000	685,900	1,58,64,000	1,057,600
11. Permanent Debt discharged (net)	12,70,000	84,600	29,35,000	195,700	19,28,000	128,600
†12. Provincial surpluses (—) or deficits (+)	78,76,000	525,100	1,14,31,000	762,100	30,08,000	200,500
13. Imperial and Provincial Loans (net)	31,07,000	207,200	88,78,000	591,800	—42,33,000	—282,300
14. Remittance account between England and India—						
*(*a*) Capital raised by Railway Companies (net)	5,85,00,000	3,900,000	6,40,84,000	4,272,300	3,60,00,000	2,400,000
(*b*) Remittances through the Currency Department (net)	2,25,00,000	1,500,000	3,30,75,000	2,205,000	...	...
(*c*) Other transactions (net)	51,89,000	346,000	32,07,000	213,800	—5,57,000	—37,100
15. Council Bills‡	26,98,35,000	17,989,000	17,85,32,000	11,902,200	24,09,65,000	16,064,300
Total Disbursements	46,24,33,000	30,828,900	39,89,21,000	26,594,800	38,75,47,000	25,836,400
Net Disbursements	3,66,02,000	2,440,100	5,92,87,000	3,952,400	—54,49,000	—363,200
Financed as follows:						
Permanent Debt incurred	3,00,00,000	2,000,000	2,00,00,000	1,333,300	2,50,00,000	1,666,700
Reduction of + or addition to — Treasury Balances	66,02,000	440,100	3,92,87,000	2,619,100	—3,04,49,000	—2,029,900
Total	3,66,02,000	2,440,100	5,92,87,000	3,952,400	—54,49,000	—363,200
Opening Balance	18,96,03,000	12,640,200	19,27,76,000	12,851,700	15,34,89,000	10,232,600
Closing Balance	18,30,01,000	12,200,100	15,34,89,000	10,232,600	18,39,38,000	12,262,500

*The figures under heads 2 and 14 (*a*) balance each other.

† Head 12 represents expenditure defrayed by reduction of Provincial balances.

‡ The figures shown under head 15 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

202. In the Budget Estimate of 1908-1909 the cash balance in Indian Treasuries on 1st April 1908 was taken at 18,96 lakhs. It was estimated (1) that the net Imperial revenue in India would amount to 27,84 lakhs, (2) that a sum of 100 lakhs would be available for Railway construction out of the coinage profits likely to be realised during the year, (3) that the net deposits in Savings Banks and Provident Institutions would increase during the year by 68 lakhs, (4) that a sum of 37½ lakhs, representing the total of the amounts deposited by Local Governments with the Imperial Government as a reserve for meeting future expenditure on famine relief, would be available for the avoidance of debt, and (5) that the remittance transactions of Railway Companies would result in a net credit in India of 6,46 lakhs. On the other hand, provision was made (1) for a net expenditure of 79 lakhs from Provincial balances, (2) for capital expenditure in India on railways and canals (inclusive of outlay by companies) to the extent of 9,41 lakhs, (3) for a remittance of 225 lakhs to England through the Currency Department, (4) for net payments of 13,31 and 14 lakhs in connection with the discharge of the permanent debt, local loans and miscellaneous deposit and remittance transactions, respectively, and (5) for payments of Council Bills to the extent of 26,98⅓ lakhs. The payments mentioned aggregated 40,01½ lakhs, and as the receipts amounted to 36,35½ lakhs, there was a deficiency of 366 lakhs. It was proposed to meet this deficiency by raising a rupee loan of 3 crores and by reducing the cash balance to the extent of 66 lakhs. *1908-1909. Main features of Budget Estimates.*

203. The results according to the Revised Estimates show considerable variations from this forecast. The persistent effects of famine and the general depression in trade, which have left their mark on the revenue account, have also materially affected the original programme of Ways and Means. The year opened well with a balance of 32 lakhs better than the Budget forecast. But the heavy decline in the net railway earnings reduced it before the end of November to below the workable minimum in spite of a large reduction in the remittances to England in aid of the Home Treasury caused by the absence of any active demand for Councils in the first five months of the year. In the four months November to February 450 lakhs had to be borrowed temporarily from the Gold Standard Reserve. The whole of this sum will be repaid before the end of the year either by an actual payment into the Silver Branch of the Reserve, or by payment of Council Bills, the proceeds of which are being appropriated by the Secretary of State for investment in England on account of the Reserve; but to do this it will be necessary to reduce the cash balances in India at the close of the year to the very low figure of 15,35 lakhs. Taking the year as a whole, the net Imperial revenue is now estimated at 5,90 lakhs less than the Budget Estimate, while the expenditure from Provincial balances will be 35 lakhs more. The return in large numbers of rupees from circulation in the earlier months of the year in consequence of the slackness of trade has rendered any fresh coinage unnecessary, and the expected profit of 1,00 lakhs on rupee coinage has not therefore been realized. The net credits from remittances of Railway Companies will fall short of the Budget Estimate by 1,27 lakhs. The net deposits in Savings Banks will be less than the Budget Estimate by 27 lakhs, while the payments on account of loans to cultivators, etc., will be more by 58 lakhs. There will be an increase of 17 lakhs in the amount of permanent debt redeemed; and the net payments under miscellaneous deposit and remittance transactions will exceed the Budget Estimate by 54 lakhs, owing mainly to a remittance to England of uncurrent gold coin and bullion of the value of 36 lakhs. Capital expenditure on State Railways and Irrigation Works and withdrawals by Railway Companies for capital outlay are expected to exceed the Budget by 26 lakhs, and a sum of 106 lakhs in excess of the Budget provision has been remitted to the Secretary of State through the Currency Department to supplement his resources. A reduction of 100 lakhs has also been made in the amount of the rupee loan announced in the Budget. The only set-off against the deterioration from all these sources, amounting to 12,40 lakhs, is a diminution of 9,13 lakhs in the payments of Council Bills. The balance of 3,27 lakhs has to be met by a reduction in the cash balances. These stood at the beginning of the year at 32 lakhs more than the Budget forecast; the closing balance on 31st March, 1909, is therefore now expected to be 295 lakhs less than the figure entered in the Budget Estimate. *1908-1909. Main features of Revised Estimates.*

1908-1909. Rupee loan.

204. In paragraph 213 of the last Financial Statement it was announced, subject to the usual reservations, that a new 3½ per cent rupee loan of 3 crores would be raised in 1908-1909. The loan was announced in July last, but in view of the paucity of loanable capital in the money market, tenders were invited for a reduced amount of two crores of rupees only. Tenders were opened on the 4th August, and the result of the loan was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
₹	₹	₹ a. p.	₹ a. p.
3,18,25,700	2,00,00,000	95 7 0·3	95 2 0

1909-1910. Main features of Budget Estimate.

205. In 1909-1910 the net Imperial revenue in India is estimated at 28,42 lakhs; Savings Banks deposits are expected to yield a net receipt of 128 lakhs; a sum of 44 lakhs will be available from the Famine Insurance grant for the avoidance of debt; the remittance and capital transactions of Railway Companies are likely to result in a net credit in India of 469 lakhs; repayments of loans granted to cultivators, municipalities, etc., in previous years will exceed the net amount of such loans to be issued during the year by 42 lakhs; and deposits and miscellaneous remittance transactions are expected to show a net receipt of 92 lakhs. On the other hand provision has been made: (1) for an expenditure of 30 lakhs from Provincial balances, and of 19 lakhs in connection with the redemption of permanent debt; (2) for capital expenditure of 11,04 lakhs in India on Railways and Canals; and (3) for payment of Council Bills to the extent of 24,10 lakhs. It is also necessary to increase by about three crores the cash balances in India which have been seriously reduced during the current year.

The total amount of funds required by the Government of India next year therefore aggregates 38,63 lakhs, while the receipts at its disposal amount to only 36,17 lakhs.

1909-1910. New Rupee loan.

206. It is accordingly intended to raise a new rupee loan of 2½ crores in 1909-1910. With a loan of this amount it will be possible to close the year, according to the present estimate, with a balance of 18,39 lakhs. The announcement now made regarding the rupee loan is in accordance with present intentions; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

1908-1909 and 1909-1910. Post Office Savings Banks, etc.

207. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1908-1909 and 1909-1910:—

Year.	Net additions to deposits, cash.	Interest.	Total addition.
	₹	₹	₹
1898-1899	—8,84,000	32,29,000	23,45,000
1899-1900	1,40,000	33,48,000	34,88,000
1900-1901	19,44,000	34,80,000	54,24,000
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905	78,94,000	45,87,000	1,24,81,000
1905-1906	31,49,000	46,80,000	78,29,000
1906-1907	50,94,000	52,25,000	1,03,19,000
1907-1908	14,86,000	53,50,000	68,36,000
1908-1909 (Revised)	—23,55,000	55,20,000	31,65,000
1909-1910 (Budget)	61,04,000	57,46,000	1,18,50,000

208. Owing to the prevalence of famine a small net withdrawal from the Post Office Savings Banks of 10 lakhs, apart from interest, was assumed in the Budget Estimate of the current year. The transactions of the first ten months of the year have, however, resulted in a net withdrawal of 30 lakhs, and in view of the persistent effects of the famine it is doubtful whether any net increase in the deposits will take place in the remaining months of the year. The Revised Estimate accordingly provides for a net withdrawal of 35 lakhs during the year from Post Office Savings Banks.

In the Budget Estimate for 1909-1910, a total net deposit of 25 lakhs in Post Office Savings Banks, apart from interest, has been assumed. It is also expected that the deposits in the new General Provident Fund for Government servants will amount to about 25 lakhs

Section VIII.—Summary.

209. The principal features in this statement are the following :—

I.—The Accounts of 1907-1908 closed with an Imperial surplus of £306,046, being £70,646 more than the surplus expected in the Revised Estimates of that year.

II.—1908-1909 :—

(1) The Revised Estimate shows a total Revenue of £69,628,600, a total Expenditure charged to Revenue of £73,349,100, and an Imperial deficit of £3,720,500. The Budget Estimate for the current year anticipated a surplus of £571,500. There is thus a large deterioration of £4,292,000 in the revenue account.

(2) Railway net Receipts show a decline of £3,692,000. Owing to protracted weakness in the agricultural conditions of the year and to the general depression in trade, gross earnings have fallen off to the extent of £2,414,100; while working expenses have increased by £1,277,900 as a result mainly of special activity in betterment and renewals, and of expenditure required in the North-Western Railway on repairs and temporary diversions in consequence of floods.

Owing chiefly to bad seasons in Bombay and Upper Burma there is a shortage of £264,100 in the estimates of Land Revenue. The decrease would have been higher but for the collection of famine suspensions in the United Provinces and the Central Provinces. In Bombay alone, the decline in the collections amounts to £276,900.

The revenue under Salt and Forest has also suffered from the persistence of famine, the decrease as compared with the Budget Estimates amounting to £185,500 and £144,100, respectively.

A fall of £148,900 has taken place in Mint revenue, owing to the cessation of rupee coinage from new silver and the loss of seignorage thereon, as well as to a large decrease in the coinage of bronze.

Under Customs there is a large decrease of £148,000, the more important variations being decreases of £200,000 in the import duty on piece-goods and £140,000 in the export duty on rice and increases of £140,000 and £50,000 in the import duty on silver and sugar.

The other heads under which important decreases in the Budget Estimates have occurred are Major Irrigation Works (£90,600), Interest (£88,500), Telegraph (£85,900) and Post Office (£78,000).

The only substantial increase in revenue occurs under Opium ; the Budget Estimate being exceeded by £1,041,300 Of this £256,500 is due to Bengal opium having been sold at an average of R1,384 per chest as against R1,300 taken in the Budget. But the bulk of the improvement arises from heavy advance payments of duty on Malwa opium with the object of securing priority of export in 1909 and 1910.

(3) Under expenditure, the largest increase has taken place under Salaries and Expenses of Civil Departments (£432,300) and is chiefly caused by (*a*) the payment of a special bonus of a week's pay to all permanent civil employés on pay of R50 a month or under, in commemoration of the assumption of the government of India by the Crown, (*b*) heavier expenditure on grain compensation allowance to low-paid Government servants and on dietary charges in jails, and (*c*) the special measures necessitated in some of the provinces for detecting and trying offences against the public peace

There is also an excess of £259,100 in the Miscellaneous Civil charges, owing mainly to larger purchases of stationery and to

the write-off of irrecoverable balances of *takavi* loans in the United Provinces.

The bulk of the excess expenditure in both cases is Provincial and does not affect the Imperial surplus, except in so far as it has led to an overdrawal of the Provincial balances in some of the provinces and necessitated a special contribution from Imperial revenues.

The charges for interest on the total public debt are in excess of the Budget by £119,500, which is largely the result of an increase of £4,500,000 in the temporary debt raised on India Bills.

Famine relief charges have been unexpectedly swollen to the extent of £132,200 by the protracted distress in the United Provinces and the failure of the winter rains in parts of the same province, as well as of Bengal and Eastern Bengal.

Smaller increases occur under Post Office (£96,900), Civil Works (£92,400) and Land Revenue (£92,000).

Opium expenditure is less than the Budget provision by £239,600, owing to a shortage in the outturn of the crop of 1907-08 and to a larger contraction in the poppy-growing area in Bengal.

Under Military Services also, there is a saving of £196,700 in the Budget provision, the excess expenditure caused by (*a*) the additional payment to the War Office as decided upon the recommendations of the Romer Committee, (*b*) the operations against the Mohmands, (*c*) the continued high prices of food and forage, and (*d*) the increase in the pay of the Indian army sanctioned with effect from the 1st January, 1909, being more than counterbalanced by lapses in the Budget grants and by economies effected in view of the unfavourable financial position.

(4) The balances of the United Provinces having been largely depleted as a consequence of the famine, a special assignment of £387,300 has been given (in addition to £98,800 provided in the Budget to avoid a *minus* Provincial balance at the end of 1908-1909) to raise the closing Provincial balance to its prescribed minimum. An initial grant of £66,700 has also been made to this province for its new financial settlement. Other special assignments are £113,000 and £87,200 respectively to Bengal and Eastern Bengal and Assam in aid of Provincial balances; and £91,700 distributed among the several Provincial Governments to cover the expenditure in connection with the Royal bonus.

(5) A 3½ per cent loan of two crores of rupees was raised in India. A temporary loan of 4½ crores had also to be taken from the Gold Standard Reserve in the months of November to February as the cash balances in India had run down very low; but this will be wholly repaid before the end of the year. The Budget programme of Ways and Means did not contemplate the issue of any new sterling loan in England; but in February last, new 3½ per cent India stock was issued for £7,500,000, partly in anticipation of the requirements of next year. Of the total sum receivable £4,350,000 will be received in 1908-09.

In addition, fresh India Bills for £5,000,000 were issued, in lieu of £500,000 entered in the Budget, owing to the small demand for Council Bills on India.

(6) The fresh capital raised by Railway Companies during the year amounted to £6,800,900 against £4,913,900 entered in the Budget Estimate.

(7) In consequence of the depression in trade, the drawings of Council Bills in 1908-1909 are expected to amount to only £12,255,100 as compared with £18,500,000 entered in the Budget; the former figure is exclusive of £1,269,900 drawn for remittance to the Gold Standard Reserve. To supplement his resources, £2,205,000 have been drawn by the Secretary of State from the Currency Reserve Gold in England against £1,500,000 provided

in the Budget, an equivalent transfer being made from treasury to the Currency Reserve in India; and gold coin and bullion of the value of £239,900 lying in India were remitted to England.

(8) The Gold Standard Reserve on the 31st March 1909 stands at £18,503,200. The issue of sterling bills in India on London to steady exchange necessitated the sale of securities of the face value of £8,100,497 held in the Reserve in England, the par value of the bills being paid into the silver branch in India. It will however be possible to re-invest £1,269,900 out of the latter sum before the end of the year, and the rupees held in the Reserve on the 31st March, 1909, will amount to £10,808,600 inclusive of the fixed nucleus of £4,000,000.

III—1909-1910:—

(1) The Budget Estimate of 1909-1910 shows a total revenue of £73,750,900, a total expenditure charged to Revenue of £73,520,000 and an Imperial surplus of £230,900.

(2) Provision has been made for special grants to Local Governments of £76,700 in aid of additional police reforms.

(3) The estimates for next year are generally based on the expectation of a normal monsoon next year and of a revival of trade. In view of the financial position steps have been taken to curtail as far as possible the growth of expenditure, both Imperial and Provincial.

(4) Compared with the Revised Estimate of the current year, the net receipts of State Railways show an increase of £3,099,200. The gross receipts are taken at only £109,500 more than the Budget Estimate for the current year.

A total increase of £1,202,700 is assumed under Land Revenue, in the expectation of normal agricultural conditions. Of this Bombay contributes £385,700, the Punjab £342,500, the United Provinces £211,300 and the Central Provinces £134,000.

A substantial increase of £369,900 is expected in the Excise revenue as a result of returning prosperity and improved control.

Under Customs the increase taken is £173,100. It assumes a reaction in the imports of silver, but heavy payments on the export of Burma rice and a moderate revival in the general import trade. Better trade conditions are expected to give an improvement of £137,200 under Stamps and £129,700 under Post Office.

For Salt an increase in consumption is anticipated of 2·2 million maunds. But in view of the probable extension of the credit system of payment of duty, the increase of revenue is taken at £103,300 only.

Other important improvements in revenue occur under Forest (£93,000), Interest £92,200) and Miscellaneous (£89,900).

Opium revenue shows a decrease of £1,468,200, compared with the artificially inflated income of the current year. The sales of Bengal opium will be 42,300 chests, and an average price of R1,350 per chest has been assumed. It is also surmised that 8,700 chests of Malwa opium will pay pass duty during 1909-1910, mainly in preparation for the shipments of 1911.

(5) The failure of this year's winter rains in parts of four provinces has made it necessary to provide £204,400 for direct expenditure on famine relief, of which £121,800 will be required in Bengal and £55,000 in the United Provinces. £500,000 has been allotted from the Famine Relief and Insurance grant for expenditure on Protective Irrigation Works and Railways.

An important contraction of expenditure appears under Civil Works, where the allotments are £3[illegible]3,600 less than the probable expenditure of the current year in consequence of the efforts of Local Governments to secure financial equilibrium.

Under Opium a decrease of £156,600 is expected owing to a further reduction in the poppy-growing area.

The increase of £284,500 in the Interest payment on the total public debt is explained by the growth of the debt in the two years 1908-1909 and 1909-1910. There is also under the Railway head a further enhancement of £295,100, due to a growth in the debenture capital of Railway Companies and to the payment for the first time of a full year's annuity in connection with the purchase of the Madras Railway.

The rise in the pay of the Indian Army will lead to an increased charge of £353,300, the full year's payment of £426,600 being provided for; but this will be counterbalanced by extensive savings effected in other directions. There will be a net increase of £150,500 only in the total Military expenditure. The separate special grant for reorganization has been discontinued, necessary provision being made for the measures likely to be introduced next year.

Increases of £86,200 and £81,000, respectively, will occur in the Medical and Police expenditure owing to a more active programme of sanitation and the progress of police reorganization. But in consequence of the absence of the special charges which have been incurred during the current year and of the restriction imposed on the growth of expenditure, the Salaries and Expenses of Civil Departments will, on the whole, show an increase of £56,600 only.

(6) In spite of the large retrenchments made in expenditure, Burma will close the year with a Provincial balance below the prescribed minimum; Bengal will wholly exhaust its balances; while Eastern Bengal and Assam will overdraw largely upon the Imperial balances.

(7) Subject to the usual reservation, a loan of 2½ crores of rupees in India is announced. This is intended for Capital expenditure on Railways and Productive Irrigation Works. Of the sterling loan of £7,500,000 announced in January last, £2,823,700 will be realized after the 31st March, 1909. Provision has also been made for renewing the India Bills for £6,000,000 which will mature next year, and for the discharge of £179,400 of Madras Railway debentures which will fall in during the year.

(8) Subject to the usual reservations, provision is made for the raising of Capital through Railway Companies as follows: for outlay on Companies' Railways £69,300, and for expenditure on purchased Railways £2,400,000.

(9) Drawings of Council Bills are entered at £16,200,000.

IV.—Capital Expenditure—

The following table shows the Capital Expenditure on Railways and Irrigation Works:—

	Accounts, 1907-1908.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
RAILWAYS.	₹	₹	₹
Included in the Government Capital programme	15,50,22,103	15,00,00,000	15,00,00,000
Famine Protective lines	98,415	1,000	3,00,000
Branch lines not on firm guarantee	1,24,899	3,43,000	10,48,000
Provincial State line	8,286	1,000	14,000
TOTAL RAILWAYS	15,52,53,703	15,03,45,000	15,13,62,000
IRRIGATION WORKS	1,26,85,822	1,50,00,000	1,50,00,000
Total Railways and Irrigation Works	16,79,39,525	16,53,45,000	16,63,62,000
Converted into sterling at ₹15=£1	11,195,969	11,023,000	11,090,800

J. S. MESTON.

March 22, 1909.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

Accounts	1907-1908
Revised Estimates . . .	1908-1909
Budget Estimates . . .	1909-1910

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I.—General Statement of the Revenue, and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1907-1908.	Budget Estimate, 1908-1909.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
Revenue—					
Principal Heads of Revenue—		£	£	£	£
Land Revenue	A	18,719,322	19,960,200	19,696,100	20,898,800
Opium	„	5,244,986	4,842,900	5,884,200	4,416,000
Salt	„	3,338,988	3,402,200	3,216,700	3,320,000
Stamps	„	4,259,649	4,361,700	4,337,300	4,474,500
Excise	„	6,227,010	6,392,400	6,412,100	6,782,000
Customs	„	5,004,494	5,000,300	4,852,300	5,025,400
Other Heads	„	4,762,383	4,946,600	4,785,600	4,942,900
TOTAL PRINCIPAL HEADS	...	47,556,832	48,906,300	49,184,300	49,859,600
Interest	A	965,757	1,014,600	926,100	1,018,300
Post Office	„	1,823,999	1,912,100	1,834,100	1,963,800
Telegraph	„	1,006,797	1,037,900	952,000	950,100
Mint	„	443,918	272,100	123,200	147,700
Receipts by Civil Departments	„	1,097,919	1,140,600	1,147,900	1,156,400
Miscellaneous	„	711,631	524,300	540,200	621,000
Railways : Net Receipts	„	12,499,331	13,729,500	10,055,300	13,134,400
Irrigation	„	3,480,592	3,640,300	3,568,200	3,550,300
Other Public Works	„	249,066	244,500	270,700	294,100
Military Receipts	„	1,167,433	1,016,700	1,026,600	1,055,200
TOTAL REVENUE	...	71,003,275	73,438,900	69,628,600	73,750,900
Deficit	...	...	...	3,720,500	...
TOTAL	...	71,003,275	73,438,900	73,349,100	73,750,900

K. B. WAGLE,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT,
March 22, 1909.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1907-1908.	Budget Estimate, 1908-1909.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,836,917	8,962,300	8,789,900	8,660,200
Interest	„	1,820,844	1,734,800	1,904,300	1,996,600
Post Office	„	1,772,720	1,815,600	1,912,500	1,916,600
Telegraph	„	1,084,447	1,094,600	1,033,100	1,063,300
Mint	„	164,901	147,700	124,000	106,000
Salaries and Expenses of Civil Departments	„	13,097,568	14,037,300	14,469,600	14,526,200
Miscellaneous Civil Charges	„	4,773,079	4,620,000	4,879,100	4,785,200
Famine Relief and Insurance	„	1,296,063	1,531,200	1,676,100	1,000,000
Railways: Interest and Miscellaneous Charges	„	10,936,329	11,323,000	11,231,700	11,687,300
Irrigation	„	2,834,117	2,917,800	2,987,200	3,027,700
Other Public Works	„	4,685,643	4,453,800	4,546,000	4,243,200
Military Services	„	20,415,787	20,754,400	20,557,700	20,708,200
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	71,718,415	73,392,500	74,111,200	73,720,500
Add—Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	...	84,500	164,400	99,700
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*1,021,186*	*609,600*	*926,500*	*369,200*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	70,697,229	72,867,400	73,349,100	73,520,000
SURPLUS	...	306,046	571,500	...	230,900
TOTAL	...	71,003,275	73,438,900	73,349,100	73,750,900

F. C. HARRISON,
Offg. Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts. Accounts, 1907-1908.	Budget Estimate, 1908-1909.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
		£	£	£	£
Surplus	C	306,046	571,500	...	230,900
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	1,897,112	3,900,000	4,272,300	2,400,000
Capital subscribed by Native States towards outlay on State Railways	„	...	...	66,600	...
Profits on Rupee coinage appropriated to Railway Construction	„	1,123,604	666,700	...	...
Capital raised and deposited by Railway Companies (net)	„	346,664	1,013,900	2,528,600	69,300
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	10,725,963	1,795,600	5,488,900	4,182,400
Temporary Debt (net Incurred)	„	1,000,000	500,000	5,000,000	...
Unfunded Debt (net Incurred)	„	515,454	453,500	272,200	853,500
Deposits and Advances (net)	„	649,910	...	...	602,600
Loans and Advances by Imperial Government (net Repayments)	„	400,703	...	372,100	...
Loans and Advances by Provincial Governments (net Repayments)		...	...	...	330,300
Capital Account of Local Boards	„	1,651	...	...	...
Remittances (net)	„	39,917	51,200	...	...
Secretary of State's Bills drawn	„	15,705,737	18,500,000	12,255,100	16,200,000
TOTAL RECEIPTS	...	32,712,761	27,452,400	30,255,800	24,869,000
Opening Balance—India	...	10,328,237	12,640,237	12,851,723	10,232,623
England	...	5,606,812	5,115,012	5,738,489	7,697,989
TOTAL	...	48,647,810	45,207,649	48,846,012	42,799,612

K. B. WAGLE,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 22, 1909.

Government of India, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1907-1908.	Budget Estimate, 1908-1909.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
		£	£	£	£
Deficit		...	...	3,720,500	...
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	845,722	1,000,000	1,000,000	1,000,000
Outlay on State Railways	"	10,567,045	8,555,100	8,118,200	7,594,100
Outlay of Railway Companies (net)	"	—342,181	1,461,800	1,904,500	2,475,700
Capital involved in Redemption of Railway Liabilities	"	2,144,800	...	1,500,000	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	13,215,386	11,016,900	12,522,700	11,069,800
Debt, Deposits, and Advances—					
Deposits and Advances (net)	C	..	35,400	1,588,100	..
Loans and Advances by Imperial Government (net Advances)	"	...	171,400	...	48,000
Loans and Advances by Provincial Governments (net Advances)	"	1,621,843	35,800	963,900	...
Remittances (net)	"	.	..	218,000	20,300
Secretary of State's Bills paid	"	15,220,369	17,989,000	11,902,200	16,064,300
TOTAL DISBURSEMENTS	...	30,057,598	29,248,500	30,915,400	27,208,400
Closing Balance—India	...	12,851,723	12,200,137	10,232,623	12,262,523
England	...	5,738,489	3,759,012	7,697,989	3,328,689
TOTAL	...	48,647,310	45,207,649	48,846,012	42,799,612

F. C. HARRISON,
ffg. Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

A.—*Statement of the Revenue of*

HEADS OF REVENUE.	ACCOUNTS, 1907-1908.					REVISED
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)
	Imperial.	Provincial.				Imperial.	Provincial.
Principal Heads of Revenue—	₹	₹	£	£	£	₹	₹
I.—Land Revenue	10,51,61,569	17,56,28,268	18,719,322	...	18,719,322	10,19,38,000	19,35,04,000
II.—Opium	7,86,74,786	...	5,244,986	...	5,244,986	8,82,63,000	...
III.—Salt	5,00,84,820	...	3,338,988	...	3,338,988	4,82,50,000	...
IV.—Stamps	3,24,04,098	3,14,90,641	4,259,649	...	4,259,649	3,30,06,000	3,20,53,000
V.—Excise	5,55,91,519	3,78,13,635	6,227,010	...	6,227,010	4,90,19,000	4,71,63,000
VI.—Provincial Rates	12,371	78,75,070	525,829	...	525,829	58,000	79,21,000
VII.—Customs	7,50,67,404	...	5,004,494	...	5,004,494	7,27,84,000	...
VIII.—Assessed Taxes	1,38,63,620	86,98,073	1,504,113	...	1,504,113	1,28,67,000	1,02,31,000
IX.—Forest	1,50,02,302	1,09,76,950	1,731,950	660	1,732,610	1,30,95,000	1,24,25,000
X.—Registration	4,88,283	57,41,385	415,311	...	415,311	57,000	63,53,000
XI.—Tributes from Native States	87,67,795	...	584,520	...	584,520	87,78,000	...
TOTAL	43,51,18,567	27,82,24,022	47,556,172	660	47,556,832	42,81,15,000	30,96,50,000
XII.—Interest	91,26,004	26,51,453	785,164	180,593	965,757	89,11,000	36,36,000
XIII.—Post Office	2,73,59,983	...	1,823,999	...	1,823,999	2,75,12,000	
XIV.—Telegraph	1,49,17,910	...	994,527	12,270	1,006,797	1,41,77,000	...
XV.—Mint	66,58,760	...	443,918	...	443,918	18,48,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,74,000	36,87,297	264,087	...	364,087	2,42,000	39,39,000
XVI.—Law and Justice { Jails	3,13,947	35,02,099	254,403	...	254,403	3,15,000	34,94,000
XVII.—Police	1,21,305	21,83,456	153,651	...	153,651	1,15,000	22,43,000
XVIII.—Ports and Pilotage	...	20,83,054	138,870	...	138,870	...	21,04,000
XIX.—Education	27,663	21,51,604	145,285	...	145,285	28,000	23,27,000
XX.—Medical	4,884	7,68,559	51,562	907	52,469	9,000	8,12,000
XXI.—Scientific and other Minor Departments	1,45,007	11,85,003	88,667	487	89,154	1,84,000	13,75,000
TOTAL	8,86,806	1,55,61,072	1,096,525	1,394	1,097,919	8,93,000	1,62,94,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	13,41,452	9,55,206	153,110	68,526	221,636	13,11,000	6,09,000
XXIII.—Stationery and Printing	6,66,679	7,05,410	91,472	...	91,472	6,30,000	7,40,000
XXIV.—Exchange	14,17,664	...	94,511	...	94,511	...	...
XXV.—Miscellaneous	20,55,477	23,73,369	295,257	8,755	304,012	12,07,000	22,70,000
TOTAL	54,81,272	40,33,985	634,350	77,281	711,631	31,48,000	36,19,000
Railways—							
XXVI.—State Railways (Gross Receipts)	40,93,51,839	98,874	27,296,714	230	27,296,944	39,97,53,000	94,000
Deduct:—Working Expenses	*21,96,38,758*	*90,157*	*14,648,595*	...	*14,648,595*	*24,54,67,000*	*83,000*
Surplus profits paid to Companies, etc.	*64,53,506*	...	*430,239*	...	*430,239*	*45,54,000*	...
Net Receipts	18,32,59,485	8,717	12,217,880	230	12,218,110	14,97,32,000	11,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	34,29,224	...	228,615	...	228,615	—11,000	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	2,08,835	...	13,923	38,683	52,606	2,18,000	...
TOTAL	18,68,97,548	8,717	12,460,418	38,913	12,499,331	14,99,39,000	11,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,38,19,416	1,93,00,799	2,208,014	...	2,208,014	1,40,56,000	1,99,45,000
Portion of Land Revenue due to Irrigation	1,36,34,070	19,73,919	1,040,533	...	1,040,533	1,40,12,000	22,93,000
XXX.—Minor Works and Navigation	9,75,880	25,04,797	232,045	...	232,045	8,22,000	23,95,000
TOTAL	2,84,29,366	2,37,79,515	3,480,592	...	3,480,592	2,88,90,000	2,46,33,000
Other Public Works—							
XXXI.—Civil Works	2,95,560	34,16,295	247,457	1,609	249,066	4,11,000	36,50,000
Military Receipts—							
XXXII.—Army: Effective	79,83,278	...	532,219	376,330	908,549	63,71,000	...
Non-Effective	12,65,146	...	84,343	29,587	113,930	10,53,000	...
	92,48,424	...	616,562	405,917	1,022,479	74,24,000	...
XXXIII.—Marine	13,15,296	...	87,686	...	87,686	18,81,000	...
XXXIV.—Military Works	8,59,015	...	57,268	...	57,268	8,89,000	...
TOTAL	1,14,22,735	...	761,516	405,917	1,167,433	1,01,94,000	...
TOTAL REVENUE	72,65,94,511	32,76,75,059	70,284,638	718,637	71,003,275	67,40,38,000	36,14,93,000

India, in India and in England.

ESTIMATE, 1908-1909.			Increase + Decrease — as compared with Budget Estimate, 1908-1909.	BUDGET ESTIMATE, 1909-1910.					Increase + Decrease — of Budget, 1909-1910, as compared with Budget Estimate, 1908-1909.	Increase + Decrease — of Budget, 1909-1910, as compared with Revised Estimate 1908-1909.
				INDIA. (RUPEE FIGURES.)						
Total India (converted into £ at ₹15=£1).	England.	TOTAL.		Imperial.	Provincial.	Total India (converted into £ at ₹15=£1).	England.	TOTAL.		
£	£	£	£	₹	₹	£	£	£	£	£
19,696,100	...	19,696,100	—264,100	12,44,35,000	18,90,46,000	20,898,800	...	20,898,800	+938,600	+ 1,202,700
5,884,200	...	5,884,200	+ 1,041,300	6,62,40,000	...	4,416,000	...	4,416,000	—426,900	—1,468,200
3,216,700	...	3,216,700	—185,500	4,98,00,000	...	3,320,000		3,320,000	— 82,200	+ 103,300
4,337,300	...	4,337,300	—24,400	3,40,56,000	3,30,62,000	4,474,500	..	4,474,500	+ 112,800	+ 137,200
6,412,100	...	6,412,100	+ 19,700	5,18,38,000	4,98,92,000	6,782,000	...	6,782,000	+ 389,600	+ 369,900
531,900	...	531,900	—700	29,000	79,89,000	534,500	...	534,500	+ 1,900	+ 2,600
4,852,300	...	4,852,300	—148,000	7,53,81,000	...	5,025,400	...	5,025,400	+ 25,100	+ 173,100
1,539,900	...	1,539,900	+ 18,900	1,32,29,000	1,05,48,000	1,585,200	...	1,585,200	+ 64,200	+ 45,300
1,701,300	...	1,701,300	—144,100	1,39,19,000	1,29,96,000	1,794,300	...	1,794,300	—51,100	+ 93,000
427,300	...	427,300	—2,600	60,000	65,76,000	442,400	...	442,400	+ 12,500	+ 15,100
585,200	...	585,200	—32,500	87,98,000	...	586,500	...	586,500	—31,200	+ 1,300
49,184,300	...	49,184,300	+ 278,000	43,77,85,000	31,01,09,000	49,859,600	...	49,859,600	+ 953,300	+ 675,300
836,500	89,600	926,100	—88,500	90,21,000	46,13,000	908,900	109,400	1,018,300	+ 3,700	+ 92,200
1,834,100	...	1,834,100	—78,000	2,94,57,000	...	1,963,800	...	1,963,800	+ 51,700	+ 129,700
945,100	6,900	952,000	—85,900	1,41,77,000	...	945,100	5,000	950,100	—87,800	—1,900
123,200	...	123,200	—148,900	22,16,000	...	147,700	...	147,700	—124,400	+ 24,500
278,700	...	278,700	+ 7,300	2,76,000	38,60,000	275,700	...	275,700	+ 4,300	— 3,000
253,900	...	253,900	—5,100	3,16,000	35,94,000	260,700	...	260,700	+ 1,700	+ 6,800
157,200	...	157,200	+ 11,700	1,16,000	21,31,000	149,800	...	149,800	+ 4,300	—7,400
140,300	...	140,300	—6,600	...	21,06,000	140,400	...	140,400	—6,500	+ 100
157,000	...	157,000	—4,900	27,000	24,55,000	165,500	...	165,500	+ 3,600	+ 8,500
54,700	900	55,600	—5,200	9,000	8,25,000	55,600	900	56,500	—4,300	+ 900
104,000	1,200	105,200	+ 10,100	1,49,000	14,50,000	106,600	1,200	107,800	+ 12,700	+ 2,600
1,145,800	2,100	1,147,900	+ 7,300	8,93,000	1,64,21,000	1,154,300	2,100	1,156,400	+ 15,800	+ 8,500
128,000	69,800	197,800	+ 2,700	12,83,000	6,15,000	126,500	65,000	191,500	—3,600	—6,300
91,400	...	91,400	+ 3,700	6,31,000	6,97,000	88,600	...	88,600	+ 900	—2,800
...	...	...	...	...	...	...	...	...	...	...
231,800	19,200	251,000	+ 9,500	21,20,000	27,98,000	327,900	13,000	340,900	+ 99,400	+ 89,900
451,200	89,000	540,200	+ 15,900	40,34,000	41,10,000	543,000	78,000	621,000	+ 96,700	+ 80,800
26,656,500	2,300	26,658,800	—2,414,100	43,76,33,000	1,00,000	29,182,200	200	29,182,400	+ 109,500	+ 2,523,600
16,370,000	...	*16,370,000*	—1,410,300	*23,61,18,000*	*99,000*	*15,747,800*	...	*15,747,800*	—788,100	+ 622,200
303,600	...	*303,600*	+ 132,400	*52,53,000*	...	*350,200*	...	*350,200*	+ 85,800	—46,600
9,982,900	2,300	9,985,200	—3,692,000	19,62,62,000	1,000	13,084,200	200	13,084,400	—592,800	+ 3,099,200
—700	...	—700	—700	...	...	...	...	...	...	+ 700
14,500	56,300	70,800	+ 18,500	2,03,000	...	13,500	36,500	50,000	— 2,300	— 20,800
9,996,700	58,600	10,055,300	—3,674,200	19,64,65,000	1,000	13,097,700	36,700	13,134,400	—595,100	+ 3,079,100
2,266,700	...	2,266,700	—90,600	1,46,07,000	1,92,47,000	2,256,900	...	2,256,900	—100,400	—9,800
1,087,000	...	1,087,000	+ 13,700	1,39,58,000	22,21,000	1,078,600	...	1,078,600	+ 5,300	—8,400
214,500	...	214,500	+ 4,800	8,56,000	23,66,000	214,800	...	214,800	+ 5,100	+ 300
3,568,200	...	3,568,200	—72,100	2,94,21,000	2,38,34,000	3,550,300	...	3,550,300	—90,000	— 17,900
270,700	...	270,700	+ 26,200	8,22,000	35,89,000	294,100	...	294,100	+ 49,600	+ 23,400
424,700	319,000	743,700	—39,100	65,85,000	...	439,000	386,200	825,200	+ 42,400	+ 81,500
70,200	28,000	98,200	—200	11,05,000	...	73,700	28,000	101,700	+ 3,300	+ 3,500
494,900	347,000	841,900	—39,300	76,90,000	...	512,700	414,200	926,900	+ 45,700	+ 85,000
125,400	...	125,400	+ 46,600	10,42,000	...	69,500	...	69,500	—9,300	— 55,900
59,300	...	59,300	+ 2,600	8,83,000	...	58,800	...	58,800	+ 2,100	—5 00
679,600	347,000	1,026,600	+ 9,900	96,15,000	...	641,000	414,200	1,055,200	+ 38,500	+ 28,600
69,035,400	593,200	69,628,600	—3,810,300	73,39,06,000	36,26,77,000	73,105,500	645,400	73,750,900	+ 312,000	+ 4,122,300

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1907-1908. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at ₹15=£1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.
Direct Demand on the Revenues—	₹	₹	£	£	£	₹	₹
1.—Refunds and Drawbacks	27,50,921	9,12,505	244,228	...	244,228	30,08,000	10,62,000
2.—Assignments and Compensations	85,87,905	93,13,464	1,193,425	...	1,193,425	86,50,000	95,08,000
Charges in respect of Collection, *viz.*:—							
3.—Land Revenue	72,39,517	4,52,63,508	3,500,202	1,138	3,501,340	39,40,000	5,10,55,000
4.—Opium (including cost of Production)	2,50,15,481	...	1,667,699	1,742	1,669,441	1,87,00,000	...
5.—Salt (including cost of Production)	54,46,039	...	363,069	415	363,484	51,24,000	...
6.—Stamps	—5,77,836	10,55,275	31,829	107,280	139,109	—5,69,000	10,78,000
7.—Excise	25,93,398	18,46,610	296,000	94	296,094	30,23,000	28,20,000
8.—Provincial Rates	...	71,049	4,737	...	4,737	...	77,000
9.—Customs	30,88,036	...	205,869	609	206,478	31,53,000	...
10.—Assessed Taxes	1,94,243	1,74,407	24,577	...	24,577	1,92,000	1,90,000
11.—Forest	86,90,321	59,45,654	975,732	4,608	980,340	79,21,000	71,56,000
12.—Registration	2,12,135	29,92,835	213,664	...	213,664	17,000	34,77,000
TOTAL	6,32,40,160	6,75,75,307	8,721,031	115,886	8,836,917	5,31,59,000	7,64,23,000
Interest—							
13.—Interest on Debt	3,62,06,170	99,17,514	3,074,912	4,990,485	8,065,397	3,53,35,000	1,21,65,000
Deduct—Amounts chargeable to Railways†	*3,96,67,621*	...	*2,644,508*	*3,118,662*	*5,763,170*	*4,14,56,000*	...
„ Amounts chargeable to Irrigation	*57,29,250*	*73,59,273*	*872,568*	*108,344*	*980,912*	*48,03,000*	*89,17,000*
Remainder chargeable on Ordinary Debt	—91,90,701	25,58,241	—442,164	1,763,479	1,321,315	—1,09,24,000	32,48,000
14.—Interest on other obligations	74,92,910	30	499,529	...	499,529	77,03,000	...
TOTAL	—16,97,791	25,58,271	57,365	1,763,479	1,820,844	—32,21,000	32,48,000
15.—Post Office	2,56,73,099	...	1,711,540	61,180	1,772,720	2,78,65,000	...
16.—Telegraph	1,28,13,078	...	854,205	230,242	1,084,447	1,31,85,000	...
17.—Mint	19,55,231	...	130,349	34,552	164,901	13,94,000	...
Salaries and Expenses of Civil Departments							
18.—General Administration	86,84,643	1,06,26,733	1,287,425	334,718	1,622,143	92,51,000	1,08,89,000
19.—Law and Justice { Courts	8,58,622	3,80,25,899	2,592,302	150	2,592,452	8,89,000	4,03,08,000
19.—Law and Justice { Jails	19,14,579	1,09,09,660	854,949	1,817	856,766	20,64,000	1,18,30,000
20.—Police	23,84,048	5,47,78,861	3,810,861	2,493	3,813,354	27,50,000	5,99,72,000
21.—Ports and Pilotage	...	26,18,672	174,578	221	174,799	...	36,84,000
22.—Education	5,94,189	2,16,24,159	1,481,223	7,869	1,489,092	8,54,000	2,44,34,000
23.—Ecclesiastical	18,48,599	..	123,240	306	123,546	17,90,000	...
24.—Medical	6,90,471	1,20,47,803	849,218	7,385	856,603	8,16,000	1,41,71,000
25.—Political	1,07,80,162	10,71,474	790,109	6,046	796,155	1,36,61,000	11,03,000
26.—Scientific and other Minor Departments	55,82,013	49,38,894	701,394	71,264	772,658	60,16,000	58,20,000
TOTAL	3,33,37,326	15,66,42,155	12,665,299	432,269	13,097,568	3,80,91,000	17,22,11,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	33,81,861	.	225,457	23,487	248,944	33,93,000	...
28.—Civil Furlough and Absentee Allowances	2,334	...	156	329,359	329,515	7,000	...
29.—Superannuation Allowances and Pensions	11,32,726	1,36,19,593	983,488	2,025,973	3,009,461	11,61,000	1,40,60,000
30.—Stationery and Printing	15,74,709	73,87,325	597,469	138,115	735,584	25,34,000	72,20,000
31.—Exchange	..	...	...	...		4,95,000	...
32.—Miscellaneous	10,88,205	51,27,267	414,365	35,210	449,575	8,90,000	46,70,000
TOTAL	71,79,835	2,61,34,185	2,220,935	2,552,144	4,773,079	84,80,000	2,59,50,000
Famine Relief and Insurance—							
33.—Famine Relief	62,58,442	30,75,487	622,262	...	622,262	86,42,000	65,48,000
34.—Construction of Protective Railways	98,415	...	6,561	...	6,561	1,000	...
35.—Construction of Protective Irrigation Works	60,59,990	...	403,999	13,241	417,240	60,65,000	...
36.—Reduction or Avoidance of Debt	...	37,50,000	250,000	...	250,000	...	37,50,000
TOTAL	1,24,16,847	68,25,487	1,282,822	13,241	1,296,063	1,47,08,000	1,02,98,000
Carried over	15,49,17,785	25,97,35,405	27,643,546	5,202,993	32,846,539	15,36,61,00	28,81,30,000

	ACCOUNTS, 1907-1908. India. Amount in Rupees.	India. Equivalent in £ at ₹15=£1.	England.	Total.	REVISED ESTIMATE, 1908-1909. India. Amount in Rupees.	India. Equivalent in £ at ₹15=£1.	England.	Total.
Included under the following heads:—	₹	£	£	£	₹	£	£	£
State Railways—Interest on Debt	3,61,94,702	2,412,980	2,830,228	5,243,208	3,74,36,000	2,495,700	3,054,000	5,549,700
Ditto —Interest chargeable against Companies on Advances	34,72,919	231,528	288,434	519,962	40,20,000	268,000	219,300	487,300
TOTAL	3,96,67,621	2,644,508	3,118,662	5,763,170	4,14,56,000	2,763,700	3,273,300	6,037,000

Revenues of India, in India and in England.

ESTIMATE, 1908-1909.			Increase+ Decrease— as compared with Budget Estimate, 1908-1909.	BUDGET ESTIMATE, 1909-1910.					Increase+ Decrease— of Budget, 1909-1910, as compared with Budget Estimate, 1908-1909.	Increase + Decrease — of Budget, 1909-1910, as compared with Revised Estimate, 1908-1909
				India. (Rupee Figures.)		Total India (converted into £ at ₹15=£1).	England.	Total.		
Total India (converted into £ at ₹15=£1).	England.	Total.		Imperial.	Provincial.					
£	£	£	£	₹	₹	£	£	£	£	£
271,300	...	271,300	+35,600	25,78,000	9,03,000	232,100	...	232,100	—3,600	—39,200
1,210,500	...	1,210,500	+6,800	85,54,000	94,72,000	1,201,700	...	1,201,700	—2,000	—8,800
3,666,300	500	3,666,800	+92,000	42,38,000	5,09,16,000	3,676,900	700	3,677,600	+102,800	+10,800
1,246,700	1,300	1,248,000	—239,600	1,63,58,000	...	1,090,500	900	1,091,400	—396,200	—156,600
341,600	1,500	343,100	+2,600	53,78,000	...	358,500	300	358,800	+18,300	+15,700
34,000	142,000	176,000	—36,800	—6,10,000	11,36,000	35,100	106,800	141,900	—70 900	—34,100
389,500	100	389,600	+4,100	31,01,000	28,94,000	399,700	100	399,800	+14,300	+10,200
5,100	...	5,100	—1,100	...	93,000	6,200	...	6,200	...	+1,100
210,200	100	210,300	—10,900	34,47,000	...	229,800	100	229,900	+8,700	+19,600
25,500	...	25,500	...	2,05,000	2,02,000	27,100	...	27,100	+1,600	+1,600
1,005,200	5,600	1,010,800	—39,500	83,42,000	74,42,000	1,052,300	5,300	1,057,600	+7,300	+46,800
232,900	...	232,900	+14,400	17,000	35,24,000	236,100	...	236,100	+17,600	+3,200
8,638,800	151,100	8,789,900	—172,400	5,16,08,000	7,65,82,000	8,546,000	114,200	8,660,200	—302,100	—129,700
3,166,700	5,286,500	8,453,200	+119,500	3,61,55,000	1,25,45,000	3,246,600	5,491,100	8,737,700	+404,000	+284,500
2,763,700	*3,273,300*	*6,037,000*	+43,100	*4,25,94,000*	...	*2,839,600*	*3,357,900*	*6,197,500*	*—117,400*	*—160,500*
914,700	*110,700*	*1,025,400*	+7,200	*52,92,000*	*91,29,000*	*961,400*	*112,100*	*1,073,500*	*—40,900*	*—48,100*
—511,700	1,902,500	1,390,800	+169,800	—1,17,31,000	34,16,000	—554,400	2,021,100	1,466,700	+245,700	+75,900
513,500	...	513,500	—300	79,48,000	...	529,900	...	529,900	+16,100	+16,400
1,800	1,902,500	1,904,300	+169,500	—37,83,000	34,16,000	—24,500	2,021,100	1,996,600	+261,800	+92,300
1,857,700	54,800	1,912,500	+96,900	2,79,22,000	...	1,861,500	55,100	1,916,600	+101,000	+4,100
879,000	154,100	1,033,100	—61,500	1,38,05,000	...	920,300	143,000	1,063,300	—31,300	+30,200
92,900	31,100	124,000	—23,700	13,50,000	...	90,000	16,000	106,000	—41,700	—18,000
1,342,600	359,100	1,701,700	+27,300	92,41,000	1,10,80,000	1,354,700	313,000	1,667,700	—6,700	—34,000
2,746,500	200	2,746,700	+151,300	8,73,000	3,98,91,000	2,717,600	500	2,718,100	+122,700	—28,600
926,300	100	926,400	+57,000	20,95,000	1,11,56,000	883,400	100	883,500	+14,100	—42,900
4,181,400	1,900	4,183,300	+97,200	29,62,000	6,09,72,000	4,262,300	2,000	4,264,300	+178,200	+81,000
245,600	300	245,900	+41,500	...	27,15,000	181,000	200	181,200	—23,200	—64,700
1,685,900	9,000	1,694,900	+62,100	10,24,000	2,47,21,000	1,716,300	11,500	1,727,800	+95,000	+32,900
119,300	700	120,000	—9,400	19,10,000	...	127,300	400	127,700	—1,700	+7,700
999,100	11,000	1,010,100	—114,200	9,04,000	1,53,84,000	1,085,900	10,400	1,096,300	—28,000	+86,200
984,300	7,600	991,900	+106,300	1,33,63,000	11,69,000	968,800	3,400	972,200	+86,600	—19,700
789,100	59,600	848,700	+13,200	59,92,000	66,40,000	842,100	45,300	887,400	+51,900	+38,700
14,020,100	449,500	14,469,600	+432,300	3,83,64,000	17,37,28,000	14,139,400	386,800	14,526,200	+488,900	+56,600
226,200	11,100	237,300	+1,400	34,08,000	...	227,200	9,700	236,900	+1,000	—400
500	363,400	363,900	+26,100	5,000	...	400	368,000	368,400	+30,600	+4,500
1,014,700	2,045,500	3,060,200	+1,300	11,63,000	1,46,29,000	1,052,800	2,032,000	3,084,800	+25,900	+24,600
650,200	128,300	778,500	+113,900	16,83,000	72,72,000	597,000	117,000	714,000	+49,400	—64,500
33,000	...	33,000	+33,000	...	...	...	...	...	...	—33,000
370,700	35,500	406,200	+83,400	7,83,000	45,59,000	356,100	25,000	381,100	+58,300	—25,100
2,295,300	2,583,800	4,879,100	+259,100	70,42,000	2,64,60,000	2,233,500	2,551,700	4,785,200	+165,200	—93,900
1,012,700	...	1,012,700	+132,200	14,37,000	16,28,000	204,400	..	204,400	—676,100	—808,300
100	...	100	—600	3,00,000	...	20,000	...	20,000	+19,300	+19,900
404,300	9,000	413,300	+13,300	71,78,000	...	478,500	1,500	480,000	+80,000	+66,700
250,000	...	250,000	...	6,84,000	37,50,000	295,600	..	295,600	+45,600	+45,600
1,667,100	9,000	1,676,100	+144,900	95,99,000	53,78,000	998,500	1,500	1,000,000	—531,200	—676,100
29,452,700	5,335,900	34,788,600	+845,100	14,59,07,000	28,55,64,000	28,764,700	5,289,400	34,054,100	+110,600	—734,500

Budget Estimate, 1909-1910.			
India.		England.	Total.
Amount in Rupees.	Equivalent in £ at ₹15=£1.		
₹	£	£	£
3,83,77,000	2,558,500	3,138,600	5,697,100
42,17,000	281,100	219,300	500,400
4,25,94,000	2,839,600	3,357,900	6,197,500

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1907-1908. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15=£1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.
	₹	₹	£	£	£	₹	₹
Brought forward	15,49,17,785	25,97,35,405	27,643,546	5,202,993	32,846,539	15,36,61,000	28,81,30,000
Railways—							
38.—State Railways: Interest on Debt	3,61,94,702	...	2,412,980	2,830,228	5,243,208	3,74,36,000	...
Annuities in purchase of Railways	...	..	..	2,869,335	2,869,335	...	...
Sinking Funds	...	...	...	154,058	154,058	...	...
Interest chargeable against Companies on Advances	34,72,919	...	231,528	288,434	519,962	40,20,000	...
Interest on Capital deposited by Companies	11,64,608	...	77,640	1,383,506	1,461,140	10,90,000	...
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision	1,76,088	..	11,739	...	11,739	1,93,000	...
Interest	56,878	...	3,792	576,576	580,368	...	...
40.—Subsidized Companies: Land, etc.	2,03,048	17,683	14,715	...	14,715	11,80,000	45,000
41.—Miscellaneous Railway Expenditure	12,10,766	16,197	81,798	...	81,798	4,22,000	35,000
TOTAL	4,24,79,009	33,880	2,834,192	8,102,137	10,936,329	4,43,41,000	80,000
Irrigation—							
42.—Major Works: Working Expenses	73,14,455	77,45,682	1,004,009	...	1,004,009	67,87,000	91,82,000
Interest on Debt	57,29,250	73,59,273	872,568	108,344	980,912	48,03,000	89,17,000
43.—Minor Works and Navigation	27,93,272	99,44,674	849,196	...	849,196	30,60,000	1,03,99,000
TOTAL	1,58,36,977	2,50,49,629	2,725,773	108,344	2,834,117	1,46,50,000	2,84,98,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	...	8,286	553	...	553	..	1,000
45.—Civil Works	1,10,89,164	5,81,65,645	4,616,988	68,102	4,685,090	1,07,69,000	5,62,15,000
TOTAL	1,10,89,164	5,81,73,931	4,617,541	68,102	4,685,643	1,07,69,000	5,62,16,000
Military Services—							
46.—Army: Effective	19,97,88,207	...	13,319,214	2,218,290	15,537,504	20,34,36,000	...
Non-Effective	98,91,248	...	659,416	2,450,613	3,110,029	1,00,38,000	...
	20,96,79,455	...	13,978,630	4,668,903	18,647,533	21,34,74,000	...
46A.—Marine	35,96,072	...	239,738	245,286	485,024	37,45,000	...
47.—Military Works	1,64,44,534	...	1,096,303	70,640	1,166,943	1,37,08,000	...
47A.—Special Defences (1902)	14,31,376	...	95,425	20,862	116,287	2,64,000	...
TOTAL	23,11,51,437	...	15,410,096	5,005,691	20,415,787	23,11,91,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	45,54,74,372	34,29,92,845	53,231,148	18,487,267	71,718,415	45,46,12,000	37,29,24,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	...	...	...	...	...	24,66,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	*1,53,17,786*	*1,021,186*	...	*1,021,186*	...	*1,38,97,000*
Total Expenditure charged to Revenue	45,54,74,372	32,76,75,059	52,209,962	18,487,267	70,697,229	45,46,12,000	6,14,93,000

	ACCOUNTS, 1907-1908. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.
Capital Expenditure not charged to Revenue—	₹	£	£	£
48.—State Railways	12,22,92,466	8,152,831	2,414,214	10,567,045
49.—Irrigation Works	1,13,77,566	758,505	87,217	845,722
TOTAL	13,36,70,032	8,911,336	2,501,431	11,412,767
50.—Redemption of Liabilities	...	...	2,144,800	2,144,800

Revenues of India, in India and in England—continued.

ESTIMATE, 1908-1909.			Increase + Decrease — as compared with Budget Estimate, 1908-1909.	BUDGET ESTIMATE, 1909-1910.					Increase + Decrease — of Budget, 1909-1910, as compared with Budget Estimate, 1908-1909.	Increase + Decrease — of Budget, 1909-1910, as compared with Revised Estimate, 1908-1909.
				India. (Rupee Figures.)		Total India (converted into £ at R15=£1).	England.	Total.		
Total India (converted into £ at R15=£1).	England.	Total.		Imperial.	Provincial.					
£	£	£	£	R	R	£	£	£	£	£
29,452,700	5,335,900	34,788,600	+845,100	14,59,07,000	28,55,64,000	28,764,700	5,289,400	34,054,100	+110,600	—734,500
2,495,700	3,054,000	5,549,700	+37,100	3,83,77,000	...	2,558,500	3,138,600	5,697,100	+184,500	+147,400
...	3,268,200	3,268,200	...	...	...	...	3,357,800	3,357,800	+89,600	+89,600
...	159,600	159,600	...	...	...	...	165,100	165,100	+5,500	+5,500
268,000	219,300	487,300	—80,200	42,17,000	...	281,100	219,300	500,400	—67,100	+13,100
72,700	1,569,200	1,641,900	—51,800	12,10,000	...	80,700	1,753,500	1,834,200	+140,500	+192,300
12,900	...	12,900	+12,900	...	...	...	...	...	...	—12,900
...	...	...	...	...	...	...	...	...	...	...
81,600	...	81,600	+13,500	14,60,000	11,000	98,100	...	98,100	+30,000	+16,500
30,500	...	30,500	—22,800	5,20,000	...	34,600	...	34,600	—18,700	+4,100
2,961,400	8,270,300	11,231,700	—91,300	4,57,84,000	11,000	3,053,000	8,634,300	11,687,300	+364,300	+455,600
1,064,600	...	1,064,600	+88,200	66,03,000	88,93,000	1,033,100	...	1,033,100	+56,700	—31,500
914,700	110,700	1,025,400	—7,200	52,92,000	91,29,000	961,400	112,100	1,073,500	+40,900	+48,100
897,200	...	897,200	—11,600	34,33,000	1,03,84,000	921,100	...	921,100	+12,300	+23,900
2,876,500	110,700	2,987,200	+69,400	1,53,28,000	2,84,06,000	2,915,600	112,100	3,027,700	+109,900	+40,500
100	...	100	—200	...	14,000	900	...	900	+600	+800
4,465,600	80,300	4,545,900	+92,400	1,07,96,000	5,16,90,000	4,165,800	76,500	4,242,300	—211,200	—303,600
4,465,700	80,300	4,546,000	+92,200	1,07,96,000	5,17,04,000	4,166,700	76,500	4,243,200	—210,600	—302,800
13,562,400	2,399,700	15,962,100	+138,000	20,58,89,000	...	13,725,900	2,464,600	16,190,500	+366,400	+228,400
669,200	2,468,800	3,138,000	—10,400	1,00,68,000	...	671,200	2,489,200	3,160,400	+12,000	+22,400
14,231,600	4,868,500	19,100,100	+127,600	21,59,57,000	...	14,397,100	4,953,800	19,350,900	+378,400	+250,800
249,700	223,400	473,100	—200	36,52,000	...	243,500	230,300	473,800	+500	+700
913,900	40,000	953,900	—245,300	1,20,84,000	...	805,600	50,000	855,600	—343,600	—98,300
17,600	13,000	30,600	—78,800	1,79,000	...	11,900	16,000	27,900	—81,500	—2,700
15,412,800	5,144,900	20,557,700	—196,700	23,18,72,000	...	15,458,100	5,250,100	20,708,200	—46,200	+150,500
55,169,100	18,942,100	74,111,200	+718,700	44,96,87,000	36,56,85,000	54,358,100	19,362,400	73,720,500	+328,000	—390,700
164,400	...	164,400	—237,000	...	14,96,000	99,700	...	99,700	+324,600	+561,600
926,500	...	*926,500*		...	*45,04,000*	*300,200*	...	*300,200*		
54,407,000	18,942,100	73,349,100	+481,700	44,96,87,000	36,26,77,000	54,157,600	19,362,400	73,520,000	+652,600	+170,900

REVISED ESTIMATE, 1908-1909.				BUDGET ESTIMATE, 1909-1910.			
India.		England.	Total.	India.		England.	Total.
Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
R	£	£	£	R	£	£	£
7,23,30,000	4,822,000	3,296,200	8,118,200	8,00,67,000	5,337,800	2,256,300	7,594,100
1,41,60,000	944,000	56,000	1,000,000	1,45,05,000	967,000	33,000	1,000,000
8,64,90,000	5,765,000	3,352,200	9,118,200	9,45,72,000	6,304,800	2,289,300	8,594,100
...	...	1,500,000	1,500,000	...	...	...	...

C—*Statement of Receipts and Disbursements of the*

	Accounts, 1907-1908.			Revised Estimate, 1908-1909.			Budget Estimate, 1909-1910.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	70,284,038	718,637	71,003,275	69,035,400	593,200	69,628,600	73,105,500	645,400	73,750,900
Excess of Revenue over Expenditure charged to Revenue			306,046			—3,720,500			230,900
Railway and Irrigation Capital not charged to Revenue									
Capital raised through Companies towards outlay on State Railways (net)	1,897,112	...	1,897,112	4,272,300	...	4,272,300	2,400,000	...	2,400,000
Capital subscribed by Native States towards outlay on State Railways	...	...	..	66,600	...	66,600	...	...	...
Profits on Rupee coinage appropriated to Railway Construction	1,123,604	...	1,123,604	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Repayments	1,299,897	1,659	1,301,556	30,000	1,900	31,900	...	1,300	1,300
NET			342,181			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	3,133	1,282,050	1,285,183	17,400	2,520,000	2,537,400	69,300	3,491,400	3,560,700
NET			346,604			2,528,600			69,300
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	7,632,947		...	5,217,100		...	2,823,700	
Madras Railway Debentures	...	2,144,800		...	...		...	...	
Rupee Debt—									
Rupee Loan	1,666,667	...		1,334,500	...		1,667,300	...	
TOTAL	1,066,667	9,777,747	11,444,414	1,334,500	5,217,100	6,551,600	1,667,300	2,823,700	4,491,000
NET			10,725,963			5,488,900			4,182,400
Temporary Debt Incurred—									
Temporary Loans	...	1,000,000	1,000,000	3,000,000	6,000,000	9,000,000	...	6,000,000	6,000,000
NET			1,000,000			5,000,000			0
Unfunded Debt—									
Deposits of Service Funds	97,456	...		95,900	...		94,900	...	
Savings Bank Deposits	4,497,355	...		4,105,600	...		5,125,700	...	
TOTAL	4,594,811	..	4,594,811	4,201,500	...	4,201,500	5,220,600	...	5,220,600
NET			515,454			272,200			853,500
Deposits and Advances—									
Balances of Provincial Allotments	...	...		164,400	...		99,700	...	
Appropriation for Reduction or Avoidance of Debt	250,000	...		250,000	...		295,600	...	
Deposits of Local Funds—									
District Funds	3,560,782	...		3,661,500	...		3,734,100	...	
Other Funds	841,124	...		1,072,200	.		1,030,400	...	
Railway Funds	17,215	...		...	...		...	...	
Deposits of Sinking Funds	11,564	...		12,000	...		12,500	...	
Gold Standard Reserve	1,543,603	(a)5,707,387		(b)7,988,000	(a)9,195,300		..	2,230,000	
Currency Reserve:									
Bonds drawn	...	69,698		...	463,900		...	...	
Departmental and Judicial Deposits	24,024,461	...		23,430,800	...		23,314,700	...	
Advances	5,661,724	104,231		3,809,000	164,200		3,681,900	1,000	
Suspense Accounts	317,956	...		184,000	...		16,100	...	
Exchange on Remittance Accounts, net	...	...		27,900	...		...	..	
Miscellaneous	19,197	...		110,000	2,300		47,600	...	
TOTAL	36,247,626	5,881,316	42,128,942	40,716,400	9,825,700	50,542,100	32,232,600	2,231,000	34,463,600
NET			649,910			0			602,600
Carried over	17,117,4[illegible]	18,661,409		122,674,100	24,157,900		114,695,300	15,192,800	

(*a*) Include £526,324 and £1,269 900 respectively remitted from India by means of Council Bills.
(*b*) Represents receipts on account of Demand Drafts on London.

Government of India, in India and in England.

	Accounts, 1907-1908.			Revised Estimate, 1908-1909.			Budget Estimate, 1909-1910.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	53,231,148	18,487,267	71,718,415	55,169,100	18,942,100	74,111,200	54,358,100	19,362,400	73,720,500
Add—Provincial Surpluses transferred to "Deposits"	...	...	...	164,400	...	164,400	99,700	...	99,700
Deduct—Provincial Deficits charged to "Deposits"	*1,021,186*	...	*1,021,186*	*926,500*	...	*926,500*	*300,200*	...	*300,200*
Total	52,209,962	18,487,267	70,697,229	54,407,000	18,942,100	73,349,100	54,157,600	19,362,400	73,520,000
Railway and Irrigation Capital not charged to Revenue—									
Outlay on Irrigation Works	758,505	87,217	845,722	944,000	56,000	1,000,000	967,000	33,000	1,000,000
Outlay on State Railways	8,152,831	2,414,214	10,567,045	4,822,000	3,296,200	8,118,200	5,337,800	2,256,300	7,594,100
Capital charge involved in redemption of Liabilities—									
Madras and Southern Maharatta Railway	...	2,144,800	2,144,800	...	1,500,000	1,500,000	...	...	...
Outlay of Railway Companies—									
Payments for Capital outlay	—1,076,483	2,035,858	959,375	715,900	1,220,500	1,936,400	1,057,600	1,419,400	2,477,000
Net			0			1,904,500			2,475,700
Raised and deposited by Railway Companies—									
Payments for discharge of Debentures	...	938,519	938,519	...	8,800	8,800	...	3,491,400	3,491,400
Net			0			0			0
Permanent Debt Discharged—									
Sterling Debt—									
India, 5 p. c. stock	...	38		...	...		...	...	
Madras Railway Debentures	...	134,700		...	...		...	179,400	
B. B. C. I. Railway Debentures	...	500,000		...	865,800		...	...	
Rupee Debt—									
4½ p. c. Loans	7	...		300	...		300	...	
4 p. c. Loans	82,753	...		81,000	...		80,700	...	
3½ p. c. Loans	533	...		300	...		300	...	
3 p. c. Loan	...	...		114,500	...		47,600	...	
Provincial Debentures	420	...		800	...		300	...	
Total	83,713	634,738	718,451	196,900	865,800	1,062,700	129,200	179,400	308,600
Net			0			0			0
Temporary Debt Discharged—									
Temporary Loans	...		...	3,000,000	1,000,000	4,000,000	...	6,000,000	6,000,000
Net			0			0			0
Unfunded Debt—									
Special Loans	374	...		700	...		300	...	
Deposits of Service Funds	87,764	...		87,000	...		86,900	...	
Savings Bank Deposits	3,991,219	...		3,841,600	...		4,279,900	...	
Total	4,079,357	...	4,079,357	3,929,300	...	3,929,300	4,367,100	...	4,367,100
Net			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	1,021,186	...		926,500	...		300,200	...	
Deposits of Local Funds—									
District Funds	3,410,326	...		3,782,100	...		3,655,300	...	
Other Funds	834,317	...		1,056,500	...		990,400	...	
Railway Funds	80,215	...		...	... (c)		...	...	
Gold Standard Reserve	1,844,598	4,576,164		7,988,000	10,326,500		...	2,230,000	
Currency Reserve: sums invested	...	69,698		...	463,900		...	...	
Departmental and Judicial Deposits	23,647,102	...		23,508,600	...		23,141,500	...	
Advances	5,715,022	2,878		4,018,300	14,700		3,527,100	1,500	
Suspense Accounts	240,564	...		45,000	...		12,600	...	
Exchange on Remittance Accounts	20,582	...		...	...		...	...	
Miscellaneous	16,168	212		...	100		2,400	...	
Total	36,830,080	4,648,952	41,479,032	41,325,000	10,805,200	52,130,200	31,629,500	2,231,500	33,861,000
Net			0			1,588,100			0
Carried over	101,037,965	31,391,565		109,340,100	37,694,600		97,645,800	34,973,400	

(c) Includes £8,058,000 on account of payment of Demand Drafts on London.

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1907-1908.			Revised Estimate, 1908-1909.			Budget Estimate, 1909-1910.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . .	117,117,488	18,661,409		122,674,100	24,157,900		114,695,300	15,192,800	
Loans and Advances by Imperial Government .	519,026	...	519,026	594,600	...	594,600	229,200	...	229,200
Net .			400,703			372,100			0
Loans and Advances by Provincial Governments	890,297	...	890,297	1,643,100	...	1,643,100	1,519,900	...	1,519,900
Net .			0			0			330,300
Capital account of Local Boards.	35,814	...	35,814	...	...	...	...	...	...
Net .			1,651			0			0
Remittances—									
Inland Money Orders	27,876,532	...		28,706,700	...		30,000,000	...	
Other Local Remittances	(a)119,074	...		317,700	...		307,500	...	
Other Departmental Accounts . .	886,367	...		488,700	...		753,500	...	
Net Receipts by Civil Treasuries from—									
Post Office . .	614,398	...		292,800	...		1,065,900	...	
Guaranteed Railways	356,386	...		11,900	...		...	...	
Public Works . .	3,900,940	...		2,096,100	...		4,658,600	...	
Net Receipts from Civil Treasuries by—									
Telegraph . .	181,610	...		440,200	...		737,800	...	
Marine . . .	217,894	...		242,400	...		223,900	...	
Military . . .	13,036,080	...		13,401,100	...		13,521,600	...	
Remittance Account between England and India—									
Transfers through Paper Currency Reserve . .	1,520,000	3,325,000		...	2,205,000		...	...	
Purchase of Silver .	4,600,492	...		...	...		...	...	
Railway transactions .	3,154,658	1,901,364		3,474,500	4,284,800		3,130,000	2,404,700	
Other „ .	806,234	1,051,698		878,600	783,800		664,500	382,300	
Total .	57,270,665	6,278,062	63,548,727	50,350,700	7,273,600	57,624,300	55,063,300	2,787,000	57,850,300
Net .			39,917			... 0			0
Secretary of State's Bills drawn	...	(b) 15,705,737	15,705,737	...	(b) 12,255,100	12,255,100	...	16,200,000	16,200,000
Total Receipts .	175,833,290	40,645,208		175,262,500	43,686,600		171,507,700	34,179,800	
Opening Balance .	10,328,237	5,606,812		12,851,723	5,738,489		10,232,623	7,697,989	
GRAND TOTAL .	186,161,527	46,252,020		188,114,223	49,425,089		181,740,323	41,877,789	

(a) Includes £70,000 on account of a Demand Draft issued on London.
(b) In addition to £526,324 and £1,269,900 respectively for remittance of the Gold Standard Reserve.

K. B. WAGLE,
Deputy Comptroller General.

Fort William,
Finance Department;
March 22, 1909.

Government of India, in India and in England—continued.

	Accounts, 1907-1908.			Revised Estimate, 1908-1909.			Budget Estimate, 1909-1910.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	101,037,965	31,391,565		109,340,100	37,694,600		97,645,800	34,973,400	
Loans and Advances by Imperial Government .	118,323	...	118,323	222,500	...	222,500	277,200	...	277,200
Net ..			0			0			48,000
Loans and Advances by Provincial Governments	2,512,140	...	2,512,140	2,607,000	...	2,607,000	1,189,600	...	1,189,600
Net .			1,621,843			963,900			
Capital Account of Local Boards . . .	34,163	...	34,163	...	...	...	...	...	...
Net .			0			0			
Remittances—									
Inland Money Orders .	27,836,076	...		28,665,700	...		30,000,000	...	
Other Local Remittances	...	...		387,700	...		307,500	...	
Other Departmental Accounts . .	863,565	...		488,700	...		753,500	...	
Net payments into Civil Treasuries by—									
Post Office . .	558,224	...		292,800	...		1,065,900	...	
Guaranteed Railways	356,386	...		11,900	...		...	...	
Public Works . .	4,222,813	...		2,296,100	...		4,658,600	...	
Net Issues from Civil Treasuries to—									
Telegraph . .	179,583	...		440,200	...		737,800	...	
Marine . . .	219,423	...		242,400	...		223,900	...	
Military . . .	13,035,586	...		13,401,100	...		13,521,600	...	
Remittance Account between England and India—									
Transfers through Paper Currency Reserve . .	3,920,000	925,000		2,205,000	...		...	...	
Purchase of Silver .	1,861	4,516,255		...	...		...	...	
Railway transactions .	1,897,893	3,158,129		4,284,800	3,474,500		2,404,700	3,130,000	
Other ,,	1,295,434	522,582		1,092,400	558,000		627,400	445,700	
Total .	54,386,844	9,121,966	63,508,810	53,809,800	4,032,500	57,842,300	54,300,900	3,575,700	57,876,600
Net .			0			218,000			26,300
Secretary of State's Bills paid	(c) 15,220,369	...	15,220,369	(c) 11,902,200	...	11,902,200	16,064,300	...	16,064,300
Total Disbursements .	173,309,804	40,513,531		177,881,600	41,727,100		169,477,800	38,549,100	
Closing Balance .	12,851,723	5,738,489		10,232,623	7,697,989		12,262,523	3,328,689	
GRAND TOTAL .	186,161,527	46,252,020		188,114,223	49,425,089		181,740,323	41,877,789	

(c) In addition to £526,324 and £1,269,900 respectively on account of the Gold Standard Reserve.

F. C. HARRISON,
Offg. Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

D.—*Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.*

Provincial Balances.

	Central Provinces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	Madras.	Bombay.	Total.	Equivalent in £ at R15 = £1.
Accounts, 1907-1908.	₹	₹	₹	₹	₹	₹	₹	₹	₹	£
Balance at end of 1906-1907 . .	57,94,796	61,82,665	61,61,325	93,84,443	55,89,132	54,59,711	1,00,27,276	99,69,402	5,85,68,750	3,904,583
Added in 1907-1908 .	..	...	...	...	...	...	...	...	...	...
Spent in 1907-1908 .	9,27,028	31,29,590	25,95,762	22,56,994	35,87,032	24,08,709	44,992	3,67,679	1,53,17,786	1,021,186
Balance at end of 1907-1908 . .	48,67,768	30,53,075	35,65,563	71,27,449	20,02,100	30,51,002	99,82,284	96,01,723	4,32,50,964	2,883,397
Revised Estimate, 1908-1909.										
Balance at end of 1907-1908 . .	48,67,768	30,53,075	35,65,563	71,27,449	20,02,100	30,51,002	99,82,284	96,01,723	4,32,50,964	2,883,397
Added in 1908-1909 .	...	...	...	...	9,98,000	...	14,68,000	...	24,66,000	164,400
Spent in 1908-1909 .	32,05,000	25,81,000	23,66,000	12,51,000	...	18,54,000	...	26,40,000	1,38,97,000	926,500
Balance at end of 1908-1909 . .	16,62,768	4,72,075	11,99,563	58,76,449	30,00,100	11,97,002	1,14,50,284	69,61,723	3,18,19,964	2,121,297
Budget Estimate, 1909-1910.										
Balance at end of 1908-1909 . .	16,62,768	4,72,075	11,99,563	58,76,449	30,00,100	11,97,002	1,14,50,284	69,61,723	3,18,19,964	2,121,297
Added in 1909-1910 .	1,46,000	61,000	...	...	2,80,000	5,82,000	4,27,000	...	14,96,000	99,700
Spent in 1909-1910 .	...	...	31,07,000	8,77,000	...	...	...	5,20,000	45,04,000	300,200
Balance at end of 1909-1910 . .	18,08,768	5,33,075	—19,07,437	49,99,449	32,80,100	17,79,002	1,18,77,284	64,41,723	2,88,11,964	1,920,797

K. B. WAGLE, *Deputy Comptroller General*

F. C. HARRISON, *Offg. Comptroller General.*

J. S. MESTON, *Secretary to the Government of India.*

FORT WILLIAM,
FINANCE DEPARTMENT:
March 22, 1909.

E.—*Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.*

REVENUE AND EXPENDITURE.	Accounts, 1907-1908.					Revised Estimate, 1908-1909.		Budget Estimate, 1909-1910.	
	Revenue.	Expenditure. Refunds and Assignments.	Expenditure. Cost of Collection and Production.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
Revenue Heads.	£	£	£	£	£	£	£	£	£
Principal Heads of Revenue. — Land Revenue (excluding that due to Irrigation)	18,719,322	736,730	3,501,340	14,481,252		15,279,000		16,484,400	
Opium	5,244,986	3,597	1,669,441	3,571,948		4,615,900		3,314,300	
Salt	3,338,988	266,610	363,484	2,708,894		2,606,000		2,693,700	
Stamps	4,259,649	47,455	139,109	4,073,085		4,111,200		4,285,900	
Excise	6,227,010	63,899	296,094	5,867,017		5,952,400		6,317,300	
Provincial Rates	525,829	1,073	4,737	520,019		526,000		527,400	
Customs	5,001,494	108,723	206,478	4,689,293		4,541,200		4,697,100	
Assessed Taxes	1,504,113	8,260	24,577	1,471,276		1,505,500		1,550,200	
Forest	1,732,610	4,909	980,340	747,361		681,500		732,200	
Registration	415,311	1,243	213,664	200,404		193,400		205,200	
Tributes	584,520	195,154	...	389,366		382,300		391,700	
TOTAL	47,556,832	1,437,653	7,399,264	38,719,915		40,394,400		41,199,400	
Total deduction from Revenue		8,836,917							
Expenditure Heads.									
Debt Services. — Interest	965,757	1,820,844			855,087		978,200		978,300
Commercial Services. — Post Office	1,823,999	1,772,720		51,279			78,400	47,200	
Telegraph	1,006,797	1,084,447			77,650		81,100		113,200
Railways	12,499,331	10,936,329		1,563,002			1,176,400	1,447,100	
Irrigation	3,480,592	2,834,117		646,475		581,000		522,600	
Other Public Works	249,066	4,685,643			4,436,577		4,275,300		3,949,100
Mint. — Mint	443,918	164,901		279,017			800	41,700	
Civil Departments. — Civil Departments	1,097,919	13,097,568			11,999,649		13,321,700		13,369,800
Miscellaneous Civil Services. — Superannuation	221,636	3,009,461			2,787,825		2,862,400		2,893,300
Exchange	94,511	...		94,511			33,000		...
Miscellaneous	304,012	449,575			145,563		155,200		40,200
Other heads	91,472	1,314,043			1,222,571		1,288,300		1,230,700
Famine Relief and Insurance. — Famine Relief	...	622,262			622,262		1,012,700		204,400
Other heads	...	673,801			673,801		663,400		795,600
Military Services. — Army — Effective	908,549	15,537,504			14,628,955		15,218,400		15,365,300
Army — Non-effective	113,930	3,110,029			2,996,099		3,039,800		3,058,700
Marine	87,686	485,024			397,338		347,700		404,300
Military works	57,268	1,166,943			1,109,675		894,600		796,800
Special Defences (1902)	...	116,287			116,287		30,600		27,900
TOTAL	71,003,275	71,718,415			715,140		4,482,600	30,400	
Provincial Adjustment. — Surplus		...							
Deficit		1,021,186		1,021,186		762,100		200,500	
TOTAL	71,003,275	70,697,229		306,046			3,720,500	230,900	
Surplus				306,046				230,900	
Deficit							3,720,500		
Capital Account. — Railway and Irrigation Capital not charged to Revenue:— Capital raised through Companies towards outlay on State Railways (net)				1,897,112		4,272,300		2,400,000	
Capital subscribed by Native States towards outlay on State Railways				...		66,600		...	
Profits on Rupee coinage appropriated for Railway Construction				1,123,604		...		...	
Capital raised and deposited by Railway Companies (net)				346,664		2,528,600		69,300	
Outlay on Irrigation Works					845,722		1,000,000		1,000,000
Outlay on State Railways					10,567,045		8,118,200		7,594,100
Outlay of Railway Companies (net)					−342,181		1,904,500		2,475,700
Capital involved in Redemption of Railway Liabilities					2,144,800		1,500,000		...
Debt, Deposits, Advances, and Remittances. — Permanent Debt (net)				10,725,963		5,488,900		4,182,400	
Temporary Debt (net)				1,000,000		5,000,000		...	
Unfunded Debt (net)				515,454		272,200		853,500	
Loans and Advances by Imperial Government (net)				400,703		372,100			48,000
Loans and Advances by Provincial Governments (net)					1,621,843		963,900	330,300	
Capital Account of Local Boards (net)				1,651		...		...	
Deposits and Advances (net)				649,910			1,588,100	602,600	
Remittances (net)				39,917			218,000		26,300
Secretary of State's Bills drawn (net)				15,705,737		12,255,100		16,200,000	
Secretary of State's Bills paid (net)					15,220,369		11,902,200		16,064,300
Cash Balance. — Opening Balance (net)				32,712,761	30,057,598	30,255,800	30,915,400	24,869,000	27,208,400
Closing Balance (net)				15,935,049		18,590,212		17,930,612	
					18,590,212		17,930,612		15,591,212
TOTAL				48,647,810	48,647,810	48,846,012	48,846,012	42,799,612	42,799,612

K. B. WAGLE, *Deputy Comptroller General.*

F. C. HARRISON, *Offg. Comptroller General.*

J. S. MESTON, *Secretary to the Government of India.*

FORT WILLIAM,
FINANCE DEPARTMENT:
March 22, 1909.

APPENDIX II.

Memorandum by the Joint Secretary, Military Finance, on Military expenditure in the years 1908-1909 and 1909-1910.

This memorandum is concerned with the expenditure incurred in England and India under the four Budget heads "46.—Army," "46A.—Marine," "47.—Military Works" and "47A.—Special Defences."

2. Up to the close of 1908-1909 expenditure on the following measures has been classed as Special, and financed from a special annual grant.

(1) Measures connected with Lord Kitchener's scheme for the Reorganisation and Redistribution of the Army.

(2) Other special measures for the improvement of military administration which had been initiated prior to the year 1904-1905. In this case the expenditure on such measures has been treated as Special only to the extent by which it exceeds the budget provision made in 1904-1905.

(3) The re-armament and improvement of coast and frontier defences.

(4) Other new measures which add appreciably to military expenditure. If the maximum cost of such a new measure, adding the full amount of recurring expenditure in any one year to the initial outlay, exceeds R20,000 (or R50,000 in the case of buildings), the cost has been debited to the grant for Special expenditure.

The balance of military expenditure outside special outlay of the above descriptions has been classed as Ordinary.

3. With effect from the year 1909-1910 the special grant has been abolished, and the recurring cost of completed measures for which funds have hitherto been provided from that grant has been merged in ordinary expenditure. In future the classification of measures as ordinary or special will depend solely on their cost. Expenditure on new projects of which the initial cost, *plus* one year's recurring expenditure, is estimated to exceed R50,000 will be treated as special, and all other expenditure will be classed as ordinary.

1.—REVISED ESTIMATE, 1908-1909.

A.—SPECIAL EXPENDITURE.

4. The following table shows the provision for Special expenditure in the Budget of the current year and the probable expenditure of the year as now estimated:—

1908-1909. Special Expenditure. Budget and Revised compared.

	Budget. 1908-1909.		Revised Estimate, 1908-1909.		Budget *minus* Revised.
Army—	R	£	R	£	£
Home	9,88,000	65,800	13,84,000	92,300	
India	1,39,60,000	930,700	1,25,07,000	833,800	
Total	1,49,48,000	996,500	1,38,91,000	926,100	70,400
Marine—					
Home	1,55,000	10,400	22,000	1,500	
India	2,74,000	18,300	2,74,000	18,300	
Total	4,29,000	28,700	2,96,000	19,800	8,900
Military Works—					
Home	...	...	94,000	6,300	
India	79,81,000	532,100	42,07,000	280,500	
Total	79,81,000	532,100	43,01,000	286,800	245,300
Special Defences—					
Home	11,87,000	79,100	1,95,000	13,000	
India	4,55,000	30,300	2,64,000	17,600	
Total	16,42,000	109,400	4,59,000	30,600	78,800
Total under all heads—					
Home	23,30,000	155,300	16,95,000	113,100	
India	2,26,70,000	1,511,400	1,72,52,000	1,150,200	
GRAND TOTAL	2,50,00,000	1,666,700	1,89,47,000	1,263,300	403,400

Amount of Special Grant.

5. The Special Grant was reduced in 1907-1908 from 3¼ crores (£2,166,700), the amount which it was originally intended to provide annually for financing the schemes of Reorganisation and Redistribution and other measures involving special expenditure, to 250 lakhs (£1,666,700), but was supplemented by a grant from lapses which had occurred in the previous year. In 1908-1909, the reduction to 250 lakhs (£1,666,700) was maintained, but no addition was made on account of previous lapses. The amount which will be spent during the current year is now estimated at 1,89·47 lakhs (£1,263,300) or 60·53 lakhs (£403,400) less than the provision made in the Budget.

Allocation of lapses :—

(i) Special Defences.

(ii) Marine.

6. With the exception of about 6·35 lakhs (£42,200) unexpended in England, these lapses have occurred in India. They include under *Special Defences* a lapse of 11·83 lakhs (£78,800) due to a reconsideration of the original scheme. A lapse of 1·33 lakhs (£8,900) occurred under *Marine*, owing to the partial suspension of the construction of the new tug required to replace the "Elephanta."

(iii) Military Works.

7. The decrease under *Military Works* of 36·80 lakhs (£245,300) was due to delay in the initiation of a number of measures forming part of the Redistribution Scheme, and to the restriction of work generally in view of the financial situation.

(iv) Army.

8. The decrease under *Army* amounted to 10·57 lakhs (£70,400), and was mainly due to smaller expenditure than had been anticipated on the following measures :—

(*i*) Reorganization of Horse and Field Artillery Batteries and Ammunition Columns.

In view of the financial situation the complete formation of five Ammunition Columns was deferred until 1909-1910, while there were some savings in the other units owing to the augmentation of establishments not being completed as early as was anticipated.

(*ii*) Provision of lines for Indian troops under the Redistribution scheme, and purchase of land for this purpose.

There was a considerable saving under this head, owing to the programme of new lines having been reconsidered and reduced.

(*iii*) Working expenses of Ordnance factories.

These were restricted in some degree.

(*iv*) Increase of the Indian Army Reserve.

The new enrolments in the Reserve have been fewer than was anticipated.

(*v*) Addition of 350 officers to the Indian Army.

The full number of sanctioned appointments were not filled.

In addition to the above, sundry extra charges which were expected to arise, and for which a lump sum was provided as an unallotted reserve, did not come forward for payment.

Special measures undertaken :—

(i) By reallotment.

9. On the other hand, the failure to work up to the original provision for these and other measures has made it possible to allot funds to other projects, including the purchase of rifles, maxim guns and monoculars in England, the delocalization and transfer to India of a Burma battalion, and the establishment of a Chemical Bureau connected with the manufacture of cordite. The expenditure incurred this year on account of the increased pay and other concessions sanctioned for the Indian Army from the 1st January 1909 has also been met from the above savings.

(ii) From Budget provision.

10. The funds provided in the Budget for special expenditure in the current year were applied in the first place to meeting the recurring outlay on measures undertaken in previous years. Over 4½ lakhs (£30,600) have been spent in the prosecution of the scheme for the improvement and re-armament of coast defences. About 26¾ lakhs (£178,400) were expended on Military Works measures appertaining to reorganization and redistribution, including the construction of buildings at Quetta, Nowshera, Jubbulpore, Ahmednagar and Dehra Dun; and 16¼ lakhs (£108,400) were expended on other works chargeable to the Special Grant. Under *Marine* the main portion of the expenditure was incurred on the upkeep of new vessels. The expenditure under *Army* enabled the reorganization of all the Royal Horse and Field Artillery batteries and of 15 out of the 20 ammunition columns to be completed; the provision of telephonic equipment for the Army, and the reorganization of the Military Accounts department to meet the divisional organization, have been practically

completed; and progress has been made with the provision of a reserve of rifles.

Summary.

11. Thus against a total provision of 250 lakhs (£1,666,700), special expenditure to the extent of 189·47 lakhs (£1,263,300) is likely to be incurred in the present year; the difference is made up of 10·57 lakhs (£70,400) under *Army;* 1·33 lakhs (£8,900) under *Marine*; 36·80 lakhs (£245,300) under *Military Works*; and 11·83 lakhs (£78,800) under *Special Defences.* With the exception of 6·35 lakhs (£42,200), the whole of the lapse has occurred in India, the causes, as explained above, being the postponement of special measures or inability to carry them out to the extent anticipated, and, in the latter portion of the year, the necessity of restricting expenditure in view of the general financial situation and of the additional demands under military heads which came forward after the budget was framed.

B.—Ordinary Expenditure.

1908-1909. Ordinary Expenditure. Budget and Revised compared.

12. The following table compares the provision for Ordinary expenditure in the Budget of the current year and the probable expenditure as now estimated:—

	Budget, 1908-1909.		Revised Estimate, 1908-1909.		Saving on Budget (+), Excess over Budget (—).
Army—	R	£	R	£	£
Home	6,79,99,000	4,533,300	7,16,43,000	4,776,200	−242,900
India	20,16,41,000	13,442,700	20,09,67,000	13,397,800	+44,900
Total	26,96,40,000	17,976,000	27,26,10,000	18,174,000	−198,000
Marine—					
Home	32,46,900	216,400	33,29,000	221,900	−5,500
India	34,23,000	228,200	34,71,000	231,400	−3,200
Total	66,69,000	444,600	68,00,000	453,300	−8,700
Military Works—					
Home	5,42,000	36,100	5,06,000	33,700	+2,400
India	94,65,000	631,000	95,01,000	633,400	−2,400
Total	1,00,07,000	667,100	1,00,07,000	667,100	...
Total under all heads—					
Home	7,17,87,000	4,785,800	7,54,78,000	5,031,800	−246,000
India	21,45,29,000	14,301,900	21,39,39,000	14,262,600	+39,300
Grand Total	28,63,16,000	19,087,700	28,94,17,000	19,294,400	−206,700

Cause of excess or saving.

(i) Marine.

13. *Marine* charges, as a whole, show a small increase, which is mainly due to extra demands for stores and larger retired pay charges.

(ii) Military Works.

14. Ordinary *Military Works* expenditure is met from a fixed grant which is expected to be fully spent.

(iii) Army—(a) Home.

15. The Revised Estimate under *Army* shows an excess of 29·7 lakhs (£198,000). There was an increase of 36·44 lakhs (£242,900) in England, and a decrease of 6·74 lakhs (£44,900) in India. The excess at Home includes an increased contribution of 41·25 lakhs (£275,000) to the War Office on account of training and other charges in respect of the British Army in India; an increase in the payments of furlough allowances and of expenditure on the Indian Troop Service; partially counterbalanced by an expected refund on account of deferred pay, and less charges for stores.

(iii) Army—(b) India.

16. The decrease of 6·74 lakhs (£44,900) in the Indian expenditure is chiefly attributable to the following causes:—The replacement of a number of British soldiers on the old rate of service pay by men coming under the new rules of proficiency pay, has reduced expenditure by 6½ lakhs (£43,300); the short strength of British troops and the large number of officers taking leave to England have given a saving in India of 10½ lakhs (£70,000); the conversion of the Malwa and Meywar Bhil Corps into military police battalions and their transfer to the Civil administration have relieved the military estimates of 2¼ lakhs (£15,000); the enrolment of recruits and reservists having been less than

was anticipated has contributed over 5½ lakhs (£37,700); the restriction of expenditure and savings in supply departments account for 18 lakhs (£129,000); the charges for conveyance by rail, river and sea will be lower by over 5¾ lakhs (£38,900) than was anticipated; and the pensionary charges will be nearly 1¾ lakhs (£11,000) less than the Budget provision. On the other hand extra expenditure has been caused by the Mohmand operations which account for 19 lakhs (£126,700); by the arrear charges on account of the Bazar Valley operations exceeding the budget provision by 1·4 lakhs (£9,300); by the rise in prices of food and forage, involving an extra charge of 21 lakhs (£140,000); by additional hutting grants, amounting to 1·38 lakhs (£9,200); and by the raising of the 2nd Battalion, 10th Gurkha Rifles, in lieu of a Moplah Battalion mustered out in 1907-08, which causes an addition of 1 lakh (£6,700).

Summary.

17. The total Ordinary expenditure under all heads shows an increase of 31·01 lakhs (£206,700), practically the whole of which arises under *Army* expenditure. As will be seen from the foregoing explanations, this increase is mainly due to the increased payment to the War Office, the prevailing high rates of food and forage, and the North-West Frontier operations; and is partially counterbalanced by savings arising from an abnormal shortage in the strength of troops and reservists, and by restrictions of expenditure and economies in various directions.

C.—Total Military Expenditure, Ordinary and Special.

1908-1909. Total Expenditure—Ordinary and Special.

18. The following statement compares the total Military expenditure, *i.e.*, Ordinary and Special taken together, as shown in the Budget and Revised Estimates of the current year:—

	Budget, 1908-1909.		Revised Estimate, 1908-1909.	
	₹	£	₹	£
Army—				
Home	6,89,87,000	4,599,100	7,30,27,000	4,868,500
India	21,56,01,000	14,373,400	21,34,74,000	14,231,600
Total	28,45,88,000	18,972,500	28,65,01,000	19,100,100
Marine—				
Home	34,01,000	226,800	33,51,000	223,400
India	36,97,000	246,500	37,45,000	249,700
Total	70,98,000	473,300	70,96,000	473,100
Military Works—				
Home	5,42,000	36,100	6,00,000	40,000
India	1,74,46,000	1,163,100	1,37,08,000	913,900
Total	1,79,88,000	1,199,200	1,43,08,000	953,900
Special Defences—				
Home	11,87,000	79,100	1,95,000	13,000
India	4,55,000	30,300	2,64,000	17,600
Total	16,42,000	109,400	4,59,000	30,600
Total under all heads—				
Home	7,41,17,000	4,941,100	7,71,73,000	5,144,900
India	23,71,99,000	15,813,300	23,11,91,000	15,412,800
GRAND TOTAL	31,13,16,000	20,754,400	30,83,64,000	20,557,700

1908-1909. Total expenditure. Revised compared with Budget.

19. The Revised Estimate shows a decrease of 29·52 lakhs (£196,700), made up of a lapse of 60·53 lakhs (£403,400) under special expenditure, and an increase of 31·01 lakhs (£206,700) in ordinary charges, the reasons for which have been explained above.

D.—Military Receipts.

1908-1909. Receipts.

20. Certain receipts are credited under *Army*, *Military Works*, and *Marine*. These arise mainly from payments by His Majesty's Government against

charges incurred on their account, and rents of quarters, sales of stores, and recoveries on certain issues to soldiers, such as dairy produce, rum, and in certain cases clothing.

21. The following table shows the Budget and the Revised Estimates of receipts in 1908-1909 :—

	Budget, 1908-1909.		Revised Estimate, 1908-1909.	
	R	£	R	£
Army	1,32,18,000	881,200	1,26,29,000	841,900
Marine	11,82,000	78,800	18,81,000	125,400
Military Works	8,50,000	56,700	8,89,000	59,300
Total	1,52,50,000	1,016,700	1,53,99,000	1,026,600

22. The variations under *Army* and *Marine* are mainly due to an arrear payment of about 6¼ lakhs (£41,400) by the War Office on account of the hire of Royal Indian Marine vessels for colonial trooping having been adjusted under *Marine* in India, instead of under *Army* receipts at Home. The net increase amounts to about 1½ lakhs (£9,900).

E.—Net Military Expenditure.

1908-1909. Net Expenditure.

23. Deducting the receipts from the gross expenditure, the net Military expenditure for 1908-1909 was taken at R29,60,66,000 (£19,737,700) in the Budget, and is now estimated at R29,29,65,000 (£19,531,100).

II.—BUDGET ESTIMATE, 1909-1910.

24. In consequence of the change in classification explained in paragraph 3 above, the Budget Estimates for ordinary expenditure in 1909-1910 include 98·26 lakhs (£655,100) on account of completed measures which have hitherto been classed as special. The ordinary estimates also provide for all expenditure on new measures, the initial cost of which, *plus* one year's recurring expenditure, does not exceed R50,000. The provision for new or uncompleted projects, the cost of which exceeds the above limit, amounts to 71·23 lakhs (£474,900). Since this figure bears such a small proportion to the total, the following statements do not distinguish between special and ordinary expenditure, but deal with Military expenditure as a whole.

A.—Gross Military Expenditure.

25. The following tables compare the Budget provision of 1909-1910 with the Budget and Revised Estimates for 1908-1909 :—

1909-1910. Expenditure,— Budget, 1909-1910, compared with Budget and Revised, 1908-1909.

Rupee figures.

	Budget, 1908-1909. R	Revised Estimate, 1908-1909. R	Budget, 1909-1910. R
Army—			
Home	6,89,87,000	7,30,27,000	7,43,07,000
India	21,56,01,000	21,34,74,000	21,59,57,000
Total	28,45,88,000	28,65,01,000	29,02,64,000
Marine—			
Home	34,01,000	33,51,000	34,54,000
India	36,97,000	37,45,000	36,52,000
Total	70,98,000	70,96,000	71,06,000
Military Works—			
Home	5,42,000	6,00,000	7,50,000
India	1,74,46,000	1,37,08,000	1,20,84,000
Total	1,79,88,000	1,43,08,000	1,28,34,000
Special Defences—			
Home	11,87,000	1,95,000	2,40,000
India	4,55,000	2,64,000	1,79,000
Total	16,42,000	4,59,000	4,19,000
Total under all heads—			
Home	7,41,17,000	7,71,73,000	7,87,51,000
India	23,71,99,000	23,11,91,000	23,18,72,000
GRAND TOTAL	31,13,16,000	30,83,64,000	31,06,23,000

1909-1910. Expenditure.—Budget, 1909-1910, compared with Budget and Revised, 1908-1909.—contd.

Sterling figures.

	Budget, 1908-1909.	Revised Estimate, 1908-1909.	Budget, 1909-1910.
	£	£	£
Army—			
Home	4,599,100	4,868,500	4,953,800
India	14,373,400	14,231,600	14,397,100
Total	18,972,500	19,100,100	19,350,900
Marine—			
Home	226,800	223,400	230,300
India	246,500	249,700	243,500
Total	473,300	473,100	473,800
Military Works—			
Home	36,100	40,000	50,000
India	1,163,100	913,900	805,600
Total	1,199,200	953,900	855,600
Special Defences—			
Home	79,100	13,000	16,000
India	30,300	17,600	11,900
Total	109,400	30,600	27,900
Total under all heads—			
Home	4,941,100	5,144,900	5,250,100
India	15,813,300	15,412,800	15,458,100
GRAND TOTAL	20,754,400	20,557,700	20,708,200

Budget, 1909-1910, compared with Budget, 1908-1909.

26. The Estimate for 1909-1910 under the four Military heads thus shows a total decrease of 6·93 lakhs (£46,200), as compared with the Budget of 1908-1909. *Marine* charges are practically the same. The *Military Works* charges show a decrease of 51·54 lakhs (£343,600), the greater part of which is due to curtailment of the programme of works under the Redistribution Scheme, to reduction in the rate of expenditure on measures in progress, and to the postponement of other new works in view of the general financial situation. The ordinary Military Works grant has also been reduced by 5·01 lakhs (£33,400) partly on account of a re-adjustment of charges and partly on account of the necessity for reducing expenditure. *Special Defences* show a decrease of 12·23 lakhs (£81,500), which is mainly due to the fact that the programme is now approaching completion.

Cause of excess or saving :—
(i) Marine.
(ii) Military Works
(iii) Special Defences.

27. *Army* expenditure shows an increase at Home of 53·2 lakhs (£354,700), and in India of 3·56 lakhs (£23,700). The increase in Home expenditure is attributable to the extra charge of 45 lakhs (£300,000) now paid to the War Office in respect of British forces serving in India; to increased furlough allowances amounting to 7·35 lakhs (£49,000); to larger store demands aggregating 4·28 lakhs (£28,500); and to the normal growth of non-effective charges amounting to 3·03 lakhs (£20,200). On the other hand, there are some minor reductions under miscellaneous heads.

(iv) Army. (a) Home.

28. The increase of expenditure in India is mainly attributable to the increased pay and allowances given to the Indian Army from the 1st January 1909 which involve 64 lakhs (£426,600); and to the rise in prices of food and forage, which has necessitated an increased provision of 13·75 lakhs (£91,700). Other contributory causes are :—the inclusion in the Indian estimates of the expenditure, amounting to 2·25 lakhs (£15,000), connected with the battalion detached to North China, which will be credited as an Army receipt at Home; an increased provision of 4 lakhs (£26,700), required for completing the augmentation of artillery units; a provision of 2·25 lakhs (£15,000) for the 2nd Battalion, 10th Gurkha Rifles, which was raised in 1908-1909 in lieu of one of the Moplah battalions mustered out in 1907-1908; and a larger provision of 2·42 lakhs (£16,100) on account of remounts.

(iv) Army. (b) India.

Budget, 1909-1910, compared with Budget, 1908-1909.—contd.

On the other hand considerable reductions have been effected by a restriction of expenditure in supply departments, amounting to 34·15 lakhs (£227,700); by the absence of provision for expenditure in the ensuing year on account of land and lines for Indian Troops under the Redistribution Scheme and for rifle ranges for which objects 12·56 lakhs (£83,700) were provided in the Budget of 1908-1909; and by the omission in 1909-1910 of the lump sum provision of 11·14 lakhs (£74,300) made in the Budget of 1908-1909 to meet anticipated but unspecified special expenditure. The increase in the total expenditure is also partially counterbalanced by the following minor causes:—the new rules for proficiency pay of British troops becoming applicable to a larger number of men produce a saving of 6·5 lakhs (£43,300); smaller purchases of stallions and mules account for a reduction of 4·45 lakhs (£29,700); the provision for conveyance charges is less by 5·16 lakhs (£34,400); the abolition of three mounted infantry schools causes a saving of 1·32 lakhs (£8,800); the anticipated short strength of troops and reservists entails a reduction of 6·62 lakhs (£44,100); the transfer of the Malwa and Meywar Bhil Corps to the Civil administration relieves the military estimates of 2·5 lakhs (£16,700); and a fall of 2·56 lakhs (£17,100) is anticipated in pensionary charges.

29. In order to provide funds for the increased charges indicated above, it has been necessary to restrict expenditure on new measures as much as possible in the coming year. Allotments have, however, been made under *Military Works* and *Special Defences* for carrying on the works already in progress; and provision has also been made under *Army* for further expenditure on the following important measures:—

(*a*) The completion of the 8 additional Royal Horse and Field Artillery Ammunition Columns.
(*b*) The rearmament of the Royal Horse and Field Artillery.
(*c*) The increase of the Indian Army Reserve.
(*d*) The establishment of the Sargodha young stock depôt and run.
(*e*) The increase of the reserves of rifles and artillery ammunition.
(*f*) The expansion of dairies, and
(*g*) The revised scale of medical and surgical equipment.

Budget, 1909-1910, compared with Revised, 1908-1909.

Causes of excess or saving.

(i) Marine.

(ii) Military Works.

(iii) Special Defences.

30. As compared with the probable actual outlay in the current year, the Budget Estimates for 1909-1910 provide, under the four Military heads combined, for an increase of 22·59 lakhs (£150,500). *Marine* charges show no important variation. The *Military Works* expenditure indicates a decrease of 14·74 lakhs (£98,300), due to a reduction in the grant for ordinary requirements, and to less special expenditure being contemplated on buildings of various kinds. Expenditure on *Special Defences* shows a small decrease.

(iv) Army.

(a) Home.

31. *Army* expenditure shows an increase at Home of 12·8 lakhs (£85,300), and in India of 24·83 lakhs (£165,500). The increase at Home is mainly due to larger payments to the War Office in respect of training and pensionary charges for British troops.

(iv) Army.

(b) India.

The increase in Indian expenditure is chiefly attributable to an increase of 53 lakhs (£353,300) on account of a full year's provision being required for the concessions to the Indian Army sanctioned on 1st January 1909; to a rise of 8 lakhs (£53,300) on account of the pay of the augmented establishments of Horse and Field Artillery units; and to an increased provision of 11·75 lakhs (£78,300) on account of an expected reduction in the shortage of troops and reservists. On the other hand no provision is made for extraordinary expenditure, which amounted to 21·4 lakhs (£142,700) in 1908-1909 on account of the Mohmand and Bazar Valley operations; and there are decreases under various heads on account of the reductions and economies indicated in paragraph 28 above.

Summary.

32. The total Military expenditure in 1909-1910 is expected to fall below the provision made for the current year by 6·93 lakhs (£46,200), and to exceed the Revised Estimate of the current year by 22·59 lakhs (£150,500). As explained above the Budget Estimates of 1909-1910, compared with those of 1908-1909, have to meet extra expenditure aggregating 122·75 lakhs (£818,300), on account of additional payments to the War Office, the concessions recently given to the Indian Army, and the rise in prices of food and forage supplies.

B.—Military Receipts.

1909-1910. Receipts.

33. The following statements compare the receipts taken in the Budget of 1909-1910 with those of the Budget and Revised Estimates of the current year:—

	Budget, 1908-1909.	Revised Estimate, 1908-1909.	Budget, 1909-1910.
	₹	₹	₹
Army	1,32,18,000	1,26,29,000	1,39,03,000
Marine	11,82,000	18,81,000	10,42,000
Military Works	8,50,000	8,89,000	8,83,000
TOTAL	1,52,50,000	1,53,99,000	1,58,28,000
	£	£	£
Army	881,200	841,900	926,900
Marine	78,800	125,400	69,500
Military Works	56,700	59,300	58,800
TOTAL	1,016,700	1,026,600	1,055,200

34. As compared with the current year's Budget, the only important variation is an increase of 6·85 lakhs (£45,700) under *Army*. This is mainly due to larger recoveries expected from the War Office on account of Indian Native regiments serving in the Colonies. From 1st April 1909 the Indian Infantry Battalion in North China will be brought under the capitation system, under which the expenditure is disbursed in the first instance from Indian revenues, and subsequently recovered in the form of a capitation rate. Under *Marine*, less recoveries are anticipated from the War Office for the hire of Royal Indian Marine vessels in connection with Colonial trooping.

C.—Net Military Expenditure.

1909-1910. Net Expenditure.

35. The following figures compare the Estimate of aggregate net Military expenditure under all heads for 1909-1910 with the Budget and Revised Estimates for 1908-1909:—

	Budget, 1908-1909.	Revised Estimate, 1908-1909.	Budget, 1909-1910.
	₹	₹	₹
Gross expenditure	31,13,16,000	30,83,64,000	31,06,23,000
Receipts	1,52,50,000	1,53,99,000	1,58,28,000
Net expenditure	29,60,66,000	29,29,65,000	29,47,95,000
	£	£	£
Gross expenditure	20,754,400	20,557,700	20,708,200
Receipts	1,016,700	1,026,600	1,055,200
Net expenditure	19,737,700	19,531,100	19,653,000

R. A. MANT.

CALCUTTA:

The 22nd March 1909.

APPENDIX III.

Memorandum by the Railway Board

ON THE

Results of Indian Railway Working, 1908-1909, and Proposals for 1909-1910.

CAPITAL EXPENDITURE.

The capital expenditure during the year 1908-1909 will amount to ₹15,00,00,000 (£10,000,000) being the same as the estimated expenditure for the year 1907-1908.

2. For the year 1909-1910 the estimate provides for spending a sum of 15 crores (£10,000,000), which is the same as the programme for 1908-1909. In accordance with the recommendations of the Committee on Indian Railway Finance and Administration, the amount which was at first proposed for capital expenditure on railways during 1909-1910, was fixed at ₹18¾ crores (£12,500,000), but owing to financial considerations this amount had to be reduced by ₹3¾ crores.

3. Under the head of lines already open, including the provision for additional rolling stock, the amount expended in 1908-1909 will be 1,245½ lakhs (£8,303,300), showing an increase of 146¼ lakhs in the expenditure under the same head for the previous year. Under the same heads in 1909-1910 provision is made for 1,300 lakhs (£8,666,700).

4. A comparison showing capital expenditure for 1909-1910 and the previous five years is contained in the following statement :—

	Lines already open, including additional rolling stock.	Lines under construction.		Total.	Equivalent in sterling.
		Started in previous years.	Started in current year.		
	Lakhs.	Lakhs.	Lakhs.	Lakhs.	£
1904-1905 (actual expenditure) .	5,02·76	4,86·91	88·62	10,78·29	7,188,600
1905-1906 („ „) .	7,68·19	5,49·46	32·26	13,49·91	8,999,430
1906-1907 („ „) .	8,92·21	5,28·91	26·50	14,47·62	9,650,800
1907-1908 („ „) .	10,99·20	4,51·02	...	15,50·22	10,334,800
1908-1909 (latest grants) .	12,45·42	2,33·11	21·47	15,00·00	10,000,000
1909-1910 (proposed grants) .	13,00·03	1,64·97	35·00	15,00·00	10,000,000

5. The information showing in detail how the expenditure in 1908-1909 and 1909-1910 will be distributed is contained in statement A attached to this memorandum.

RAILWAY REVENUE ACCOUNT.

6. For the first time since 1898-1899 the railways of India, taken as a whole, show a deficit after allowing for working expenses, interest on capital expended, charges for annuities in redemption of capital and miscellaneous railway expenditure. The following table shows the approximate figures for 1908-1909 compared with the actual results for the previous six years :—

[Figures in rupees, omitting ooo.]

	Gross receipts.	Working expenses.	Interest charges, etc.	Surplus of Revenue over expenditure.	Equivalent in sterling.
	₹	₹ *	₹	₹	£
Actuals—					
1902-1903 . . .	30,20,08	14,74,08	15,11,66	34,34	228,900
1903-1904 . . .	32,33,68	15,56,72	15,47,86	1,29,10	860,700
1904-1905 . . .	36,03,37	16,94,32	15,93,23	3,15,82	2,105,500
1905-1906 . . .	36,89,12	*16,95,16	16,93,67	3,00,29	2,001,900
1906-1907 . .	39,35,41	19,28,39	16,60,87	3,46,15	2,307,700
1907-1908 . . .	41,43,69†	‡22,01,06	17,06,75	2,35,88	1,572,500
Estimates—					
1908-1909 (revised) .	40,09,33	24,55,50	17,30,29	—1,76,46	—1,176,400

* NOTE.—The figures to end of 1904-1905 include the Companies' shares of surplus profits, since shown under interest charges, etc.

† These figures include only net receipts of the Madras Guaranteed Railway for nine months of 1907-1908.

‡ These figures exclude working expenses of the Madras Guaranteed Railway for nine months of 1907-1908.

The transactions for 1908-1909, as brought out above shew a deficit of ₹1,76,46 (£1,176,400), but this result is arrived at after inclusion in the charges against Revenue of a sum of ₹1,08,80 (£725,300) representing the portion of the annuity payments attributable to redemption of Capital. Omitting this item which is not properly speaking a charge against Revenue the true result for the year 1908-1909 is a deficit of ₹67,66 (£451,100). Compared with the results of the previous year the receipts are less by ₹1,34,36 (£895,700), the working expenses are higher by ₹2,54,44 (£1,696,300), while interest charges, etc., have increased by ₹23,54 (£156,900).

GROSS RECEIPTS.

7. For seven consecutive years ending with 1907-08 the Gross Receipts of our railways have marched steadily forwards from increase to increase, until in the current year they received a severe check. The reasons for this set back are not far to seek. The year 1908 has been one of abnormal trade depression throughout the world, and India has not been exempt from sharing in the vicissitudes of the times. Here too the calamity of famine, which reduced both the selling and the purchasing power of the country, has accentuated the situation, and all this has had its reflex action in a fall in Railway Receipts, which move up or down automatically with the increase or decrease of the trade and prosperity of the country.

8. It would serve no useful purpose to detail here by how much each railway has fallen or increased. The reasons in all cases are the same. How greatly however the paralysis in trade has affected our earnings may perhaps well be illustrated by the case of the North-Western State Railway. This, the largest of our state-worked lines, earns in Gross Receipts an average of between six and seven hundred lakhs of rupees a year. This year its total receipts are estimated to be about 550 lakhs. The back-bone of its traffic is the wheat export trade from Karachi, and the total failure of this in 1908 has caused a loss on this item alone of over a hundred lakhs of rupees. The same story is repeated elsewhere, and from all sides comes information of trade depression, famine, and falling receipts.

WORKING EXPENSES.

9. The increase in working expenses during the year 1908-1909 over those of 1907-1908 is estimated to amount to Rs. 254 lakhs, but it should be explained that the figures of 1907-1908 exclude the working expenses of the Madras Guaranteed Railway for 9 months of that year. For a proper comparison to be made the Madras Railway figures of expenditure should be added to the total of working expenses of 1907-1908. The true result therefore is a total excess of 171 lakhs approximately.

10. At first sight it might seem remarkable that so heavy a fall in gross earnings is accompanied by so great an increase in working expenses. For an explanation of this, it must be made clear that railway revenue expenditure consists of charges absolutely necessary to meet existing traffic, charges equally necessary to provide for the expansion of traffic, and special and extraordinary charges falling under the heads of betterment and improvement, or attributable to casualties, such for instance as might be caused by serious and heavy breaches due to floods. Of these charges the greater portion lead to increased revenue, if not at once, in the future, but others and by no means a small portion of the total, although not bringing in a return, are forced upon railways by the public demand for a better service than was offered them in the past.

11. In India, as indeed in most other countries, it had become apparent in the last decade that existing railway facilities were not sufficient to cope with the demands of increasing trade. The Railway Board realized this fully on assuming charge of their administration, and in their reports on the results of working of Indian Railways for 1905-1906 and 1906-1907 they clearly set forth the position.

12. The Railway Board pointed out—

(a) that the time had come when it was necessary to run faster trains, provide better carriages, improve the conditions under which third class passengers were carried, and to conduct the business of railways on more up to date methods,

(b) that in order to work economically it was necessary to carry heavier train loads. To effect this it was necessary to relay with heavier rails, and strengthen bridges,

(c) that although the cost of these improvements would be heavy and largely chargeable to Revenue, it was a sound business arrangement, and the expenditure would eventually repay itself.

13. The contention of the Railway Board that Indian Railways were behind the times received confirmation in the Report of the Committee on Indian Railway Finance and Administration. In paragraph 38 of their report the Committee say " we find that the equipment of Indian Railways has been unequal to the requirements of trade in the last two or three years." The Railway Board, fully alive to this, had already taken all steps possible, within the limits of their resources, to remove the defect pointed out by the Committee, and the upward march of working expenses during the last three years is due largely to the efforts thus made. It was necessary to incur heavy expenditure at the outset; but as soon as the desired improvements are effected this expenditure will cease, and working expenses will be steadied. There are however two other factors which bulk largely in the issue. One is the enormous rise in the price of coal, which forms perhaps the most serious item in increased working expenses, and the other the rise in the cost of living in India, both for Europeans and Indians, which has necessitated a considerable increase in the salaries of the working staff. Grain compensation also has been given on a larger scale than heretofore, and this item alone works out in 1908-1909 to an approximate figure of R23,64,000.

14. It is peculiarly unfortunate that the bad year of 1908 comes upon railways whilst they are in a transition state from the old order to the new. It was impossible to stop the large outlay on renewals for which commitments had been entered into, and on the North Western Railway there was the added calamity of disastrous floods, causing breaches that still further reduced its traffic, and will entail a cost to Revenue of many lakhs of rupees to repair. Had the year been but

normal, the rise in working expenses would not have stood out so markedly as it does ; but the circumstances that led to it have been explained, and it has, it is hoped, been clearly shown that it was impossible to stop expenditure on schemes of improvement already launched, and thus throw back the work of progress.

OPEN LINE CAPITAL REQUIREMENTS.

15. The total amount allotted during 1909-1910 to open lines is Rs. 13,00·03 lakhs, and of this about Rs. 5 crores will probably be expended on rolling stock.

16. The explanation given last year in the memorandum as to the need for providing for improved facilities in the working of Indian Railways applies also to the figures given this year. The relatively large proportion of the grant which has been allotted to open line works will allow of works being carried out which will facilitate the more effective handling of the additional rolling stock already supplied or under order.

LINES IN PROGRESS AND NEW LINES.

17. It is proposed to allot Rs. 164·97 lakhs for expenditure on lines in progress during 1909-1910. This grant will allow of the completion of 8 lines and of the probable opening during the next year of another 4 lines, leaving 15 lines to be provided for subsequently.

18. After meeting the requirements of open lines and lines in progress as above, Rs. 35 lakhs remain for new lines to be started in 1909-1910. The greater part of this amount will be spent on the Lower Ganges bridge and connecting lines. The Railway Board recognise that active operations in constructing this bridge should not be delayed and the provision of Rs. 25 lakhs will admit of works being pushed forward on the connecting lines and on the collection of material for the bridge. The remaining 10 lakhs will be allotted to the Nagpur-Chhindwara branch of the Bengal-Nagpur Railway. This branch line, about 99 miles long, is required in the manganese and coal interests in the Central Provinces and has more pressing claims than other proposed new lines.

GENERAL.

19. The results of working of the year 1908-1909 will have a retarding effect on the steady progress that was being made in bringing the Railways of India to a higher state of efficiency. The prospects of the coming year are at present conjectural, and the Railway Board have thought it advisable to reduce the provision for working expenses for next year by curtailing the outlay to be incurred on improvements and betterments at the cost of Revenue, since however desirable these works may be, they are not justified unless earnings unmistakeably resume their former buoyancy.

20. In the matter of third class passenger traffic no reduced expenditure will be enforced. Railways are now dealing with this class of traffic in a far more liberal manner than was the case in the past, and the type of third class bogie carriage now being generally built by all lines is a great improvement on the stock which it supersedes. Third class express trains have been introduced and are very popular.

21. Attention is invited to statement B attached to this memorandum which shows the progress of railway construction during the year. It will be seen that the mileage of lines of all gauges open to traffic on 1st April 1908 was 30,206, and under construction 2,527 ; on 1st April 1909 there will be 30,983 open and 2,740 under construction. At the end of the coming year there will be 2,009 miles under construction.

T. R. WYNNE,
President.

W. H. WOOD,
Member.

S. FINNEY,
Member.

The 16th March 1909.

STATEMENT A IN APPENDIX III.

STATEMENT

OF

Anticipated Capital Expenditure on Railways, Open and under Construction, for the year 1909-1910.

[Branch lines under rebate terms are excluded.]

134389

CAPITAL EXPENDITURE ON RAILWAYS, 1909-1910.

(Figures in lakhs and decimals of lakhs.)

No.	Railway.	Grants allotted for 1908-1909.	Distribution of grants during 1909-1910.
		₹	₹
	A.—OPEN LINES.		
	I. (i)—State, by State Agency.		
1	Eastern Bengal	76·93	95·76
2	Jodhpur-Hyderabad (British Section)	—·82	1·50
3	North Western	3,36·05	2,85·21
4	Oudh and Rohilkhand	44·85	55·35
	Total Open Lines, State, by State Agency	4,57·01	437·82
	I. (ii)—State, by Agency of Companies.		
5	Assam-Bengal, Part II	26·31	30·66
5(a)	„ „ I, Land	—·10	·52
	Bengal and North-Western—		
6	Tirhoot State and extensions	16·88	15·66
	Bombay, Baroda and Central India—		
7	Main line	51·29	77·00
8	Rajputana-Malwa	43·38	40·00
	Burma extensions—		
9	Pegu-Moulmein	26·17	9·00
10	Henzada-Kyangin		...
11	East Indian—	2,03·30	1,80·17
	Great Indian Peninsula—		
12	Main line	169·69	140·12
13	Agra-Delhi chord	·52	6·53
14	Bhopal-Itarsi (British section)	1·00	2·20
	Nizam's Guaranteed State—		
15	Bezwada extension	·03	0·44
	South Indian—		
16	Main line	29·39	48·52
17	Travancore branch (Native State section)	—·09	0·13
18	„ „ (British section)	·08	0·12
19	Madras Section, Madras and Southern Mahratta Railway	9·16	...
	Total Open Lines, State, by Agency of Companies	5,77·01	5,51·07
	II.—From Capital of Indian Railway Companies.		
20	Bengal-Nagpur	1,06·93	1,42·94
21	Burma—	59·00	60·55
	Great Indian Peninsula—		
22	Indian Midland	22·78	18·66
	Rohilkund and Kumaon—		
23	Lucknow-Bareilly	8·70	6·94
24	Madras and Southern Mahratta—	40·03	81·87
	Total Open Lines, Indian Railway Companies	2,37·44	3,10·96
	III.—From Capital of Branch Line Companies with firm Guarantee.		
25	Hardwar-Dehra	·20	0 18
	Total Open Lines, Branch Line Companies	·20	0·18
	IV.—Guaranteed Railways.		
26	Madras Railway	—·07	...
	Total Guaranteed Railways	—·07	...

CAPITAL EXPENDITURE ON RAILWAYS, 1909-1910 —*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	Railway.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1907-1908.	Grants allotted during 1908-1909.	Distribution of grants during 1909-1910.
	B.—CONSTRUCTION OF LINES.	Miles.	₹	₹	₹	₹
	I. (i)—State, by State Agency.					
	Lines in Progress.					
	Eastern Bengal—					
27	Forbesganj-Nepal Frontier	7	3·05	2·58	·58	...
28	Golakganj-Gauhati	149	132·00	97·35	14·42	7·10
29	Katihar-Godagari	105	121·72	92·21	15·00	3·48
	Nagda-Muttra—					
30	Main line	344	400·30	301·26	71·84	25·17
31	Baran-Kotah	40	45·92	33·58	11·00	1·30
	North Western—					
32	Kohat-Thal conversion	64	66·96	11·11	...	...
32(*a*)	Thal-Parachinar	54	95·89			
33	Lodhran-Khanewal	57	45·15	33·84	4·88	1·38
34	Loi-Shilman (Kacha Garhi junction to mile 300 from Lahore)	23	108·75	46·71	6·07	...
35	Shorkot Road-Chichoki	135	81·34	17·19	10·99	15·05
	Oudh and Rohilkhand—					
36	Balamau Sitapur	37	27·72	...	6·44	4·00
37	Rosa-Sitapur	51	42·04			
38	Madhoganj Sandee	17	5·36	...	·70	4·66
	New Lines.					
39	Lower Ganges bridge and connecting lines	...	300·00	...	·50	25·00
	Total	...	...	635·83	142·42	87·14
	I. (ii)—State, by Agency of Companies.					
	Lines in Progress.					
40	Coonpor-Ootacamund	12	37·84	24·51	6·75	6·57
	Assam-Bengal—					
41	Akhaura-Bhairab Bazar	19	19·24	10·11	6·67	0·80
42	Kalaura-Khooseara	16	7·80	·79	...	3·12
	Carried over	...	...	...	13·42	10·49

CAPITAL EXPENDITURE ON RAILWAYS, 1909-1910—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	Railway.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1907-1908.	Grants allotted during 1908-1909.	Distribution of grants during 1909-1910.
		Miles.	₹	₹	₹	₹
	Brought forward .	...	...	...	13·42	10·49
	B.—CONSTRUCTION OF LINES—*concld.*					
	I. (ii)—State, by Agency of Companies—*concld.*					
	Lines in Progress—concld.					
	East Indian—					
43	Bhagalpur-Bausi	31	23·31	3·95	1·14	5·00
44	Hooghly-Katwa	65	58·46	6·75	3·50	10·00
45	Katwa-Barharwa	103	86·37	9·37	2·12	10·00
	Great Indian Peninsula—					
46	Bombay Harbour Branch	8	62·21	26·82	3·55	...
47	Warora-Bellarpur (Balharshah)	38	39·70	36·37	3·25	...
48	Itarsi-Nagpur and branch to Pench Valley Coal Fields .	260	410·00	...	9·83	27·50
	Madras and Southern Mahratta—					
49	Dhone-Kurnool	32	9·66	4·97	4·48	0·10
	Total .	...	...	123·64	41·29	63·09
	II.—From Capital of Indian Railway Companies.					
	Lines in Progress.					
	Bengal-Nagpur—					
50	Gondia-Chanda and Brahmapuri-Nagpur branch . .	223	116·31	66·41	18·00	5·00
51	Kalimati Gurmasini	45	43·24	...	3·00	20·00
52	Kampti-Ramtek	17	10·61	7·67	1·80	1·35
53	Nainpur-Mandla	26	11·55	5·34	2·65	1·21
54	Vizianagram-Parbatipur (Raipur-Vizianagram project) .	49	37·35	18·81	18·25	9·18
	Lucknow-Bareilly (Rohilkund and Kumaon)—					
55	Sonaripur Ramnagar Ghat	21	4·48	...	1·00	3·00
	New Lines.					
	Bengal-Nagpur—					
56	Nagpur-Chhindwara with branch to Khapa . . .	99	60·00	...	...	10·00
	Total .	...	...	98·23	44·70	49·74
	GRAND TOTAL .	...	...	...	15,00·00	15,00·00

CAPITAL EXPENDITURE ON RAILWAYS, 1909-1910—*concld.*

(Figures in lakhs and decimals of lakhs.)

No.	Railway.	Distribution of grants for 1909-1910.	
	ABSTRACT BY OPEN LINES AND CONSTRUCTION.	£	£
	A.—Capital for Open Lines.		
	I. (i) State, by State agency	4,37·82	
	I. (ii) State, by agency of Companies	5,51·07	
	II. Indian Railway Companies	3,10·96	
	III. Branch Line Companies	·18	
	Total Open Lines		13,00·03
	B.—Capital for Lines in Progress and new lines.		
	I. (i) State, by State agency	87·14	
	I. (ii) State, by agency of Companies	63·09	
	II. Indian Railway Companies	49·74	
	III. Branch Line Companies	...	
	Total Lines in Progress and new lines		1,99·97
	GRAND TOTAL	...	15,00·00
	ABSTRACT SHOWING DISTRIBUTION BY FUNDS.		
I.—From Imperial Funds.	(i) State, by State agency (a) Open Lines	4,37·82	
	(i) State, by State agency (b) Construction	87·14	
	Total (i)		5,24·96
	(ii) State, by agency of Companies (a) Open Lines	5,51·07	
	(ii) State, by agency of Companies (b) Construction	63·09	
	Total (ii)		6,14·16
	Total I		11,39·12
II.—From Capital of Indian Railway Companies	(a) Open Lines	3,10·96	
	(b) Construction	49·74	
	Total II		3,60·70
III.—From Capital of Branch Line Companies with firm Guarantee.	(a) Open Lines	·18	
	(b) Construction	...	
	Total III		·18
Total, I to III	(a) Open Lines	13,00·03	
	(b) Construction	1,99·97	
	GRAND TOTAL	15,00·00	15,00·00

STATEMENT B IN APPENDIX III.

Memorandum on the Construction of Railways.

At the commencement of 1908-1909, *i.e.*, on the 1st April 1908, the total length of railways open for traffic was 30,206·25 miles, made up as follows:—

	Miles.	Miles.	Miles.
5′ 6″ gauge—			
(i) State lines worked by the State—			
Eastern Bengal	507·47		
North Western	(*a*) 3,456·70		
Oudh and Rohilkhand	(*b*) 1,223·23		
		5,187·40	
(ii) State lines worked by companies—			
Agra-Delhi Chord (*c*)	125·99		
Bengal-Nagpur	1,733·86		
Bezwada Extension (*d*)	20·58		
Bhopal-Itarsi (*British section*) (*c*)	13·11		
Bombay, Baroda and Central India	(*e*) 504·35		
East Indian	2,212·45		
Godhra-Rutlam-Nagda (*f*)	141·14		
Great Indian Peninsula	1,599·22		
Indian Midland (*c*)	809·85		
Madras and Southern Mahratta	(*g*) 1,034·37		
Nagda-Muttra (*f*)	136·12		
South Indian	445·94		
		8,776·98	
(iii) Companies' lines guaranteed by Government under modern contracts—			
Hardwar-Dehra (*h*)	...	32·04	
(iv) Branch line companies' railways assisted by Government under "rebate" terms—			
Amritsar-Patti (*i*)	27·49		
Southern Punjab (*i*)	423·75		
Southern Punjab (Ludhiana) Extension (*i*)	152·04		
Tapti Valley (*f*)	155·48		
		758·76	
Carried over	...	14,755·18	

(*a*) Includes 5·63 miles of military line not used for public traffic and 26·28 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Bhatinda and Kot Kapura, worked over by the North Western State and Rajputana-Malwa Railways.

(*b*) Includes 16·79 miles between Burhwal and Bara Banki and 0·59 mile on the Cawnpore Bridge of mixed (5′ 6″ and 3′ 3⅜″) gauge line and 1·81 miles of 3′ 3⅜″ gauge line between the Oudh and Rohilkhand State Railway Cantonment and the Bengal and North-Western Railway City stations at Benares.

(*c*) Worked by the Great Indian Peninsula Railway Company.

(*d*) Worked by His Highness the Nizam's Guaranteed State Railways Company.

(*e*) Includes 39·23 miles of 3′ 3⅜″ gauge line between Viramgam and Wadhwan.

(*f*) Worked by the Bombay, Baroda and Central India Railway Company.

(*g*) Includes 1·89 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Bezwada and Kistna block hut and 1·08 mile of 3′ 3⅜″ gauge line between Kistna block hut and Tadepalli.

(*h*) Worked by the Oudh and Rohilkhand State Railway Administration.

(*i*) Worked by the North Western State Railway Administration.

	Miles.	Miles.	Miles.
Brought forward .	...	14,755·18	
5′ 6″ gauge—concld.			
(v) Assisted companies' lines—			
A. Subsidized by the Government of India—			
Delhi-Umballa-Kalka (*a*) . . .	...	162·36	
B. Receiving land only from Government—			
Tarkessur (*a*)	...	22·23	
(vi) Native State lines—			
A. Worked by companies—			
Bhopal-Itarsi (*Native State section*) (*b*) .	44·28		
Bhopal-Ujjain (*b*)	113·27		
Bina-Goona-Baran (*b*)	145·63		
Kolar Gold-fields (*c*)	9·88		
Nagda-Ujjain (*d*)	34·32		
Nizam's Guaranteed State	(*e*) 330·13		
Petlad-Cambay (Anand-Tarapur section) (*d*) .	21·50		
Petlad-Cambay (Tarapur-Cambay section) (*d*) .	12·30		
		711·31	
B. Worked by State railway agency—			
Jammu and Kashmir (*Native State section*) (*f*) and (*g*)	15·98		
Ludhiana-Dhuri-Jakhal (*f*) . . .	78·65		
Rajpura-Bhatinda (*f*)	107·05		
		201·68	
(vii) Leased lines—			
South Behar (*a*)	...	78·76	
Total 5′ 6″ gauge .	...	...	15,931·52
3′ 3⅜″ gauge—			
(viii) State lines worked by the State—			
Cawnpore-Burhwal (*metre gauge link*)	(*h*) 79·60		
Eastern Bengal—			
Behar, Kaunia-Dhubri and Northern sections (*including the British section of the Santrabari extension and the Ranaghat-Krishnagar and Teesta-Kurigram branches*)	680·22		
Dacca section	85·92		
		845·74	
Carried over .	...	845·74	15,931·52

(*a*) Worked by the East Indian Railway Company.
(*b*) Worked by the Great Indian Peninsula Railway Company.
(*c*) Worked by the Madras and Southern Mahratta Railway Company.
(*d*) Worked by the Bombay, Baroda and Central India Railway Company.
(*e*) Includes 5·82 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Hyderabad and Secunderabad, worked over by His Highness the Nizam's Guaranteed State and the Hyderabad-Godavari Valley Railways.
(*f*) Worked by the North Western State Railway Administration.
(*g*) The British section of this railway forms an integral part of the North Western State Railway.
(*h*) Excludes 3·40 miles of the Lucknow-Bareilly Railway between Aishbagh and Daliganj, worked over, but includes 16·79 miles between Burhwal and Bara Banki and 0·59 mile on the Cawnpore Bridge of mixed (5′ 6″ and 3′ 3⅜″) gauge line of the Oudh and Rohilkhand State Railway.

	Miles.	Miles.	Miles.
Brought forward .	...	845·74	15,931·52
3′ 3⅜″ gauge—contd.			
(ix) State lines worked by companies—			
Assam-Bengal	775·28		
Burma	1,340·15		
Burma Extensions	134·77		
Jodhpur-Hyderabad (*British section*) (*a*) and (*b*)	123·98		
Lucknow-Bareilly (*c*)	237·04		
Madras and Southern Mahratta . . .	1,508·14		
Mysore section (Madras and Southern Mahratta) (*d*)	296·22		
Nilgiri (*e*)	16·99		
Palanpur-Deesa (*f*)	17·28		
Rajputana-Malwa (*f*)	(*g*) 1,778·06		
South Indian	865·50		
Tinnevelly-Quilon (Travancore) (*British section*) (*e*)	50·48		
Tirhoot (*h*)	782·15		
		7,926·04	
(x) District Boards' lines—			
Bezwada-Masulipatam (*d*)	49·47		
Tanjore District Board (*e*) . . .	103·36		
		152·83	
(xi) Branch line companies' railways assisted by Government under "rebate" terms—			
Ahmedabad-Dholka (*f*)	33·50		
Ahmedabad-Parantij (*f*)	54·70		
Mymensing-Jamalpur-Jagannathganj (*i*) .	53·90		
		142·10	
(xii) Assisted companies' lines—			
A. Subsidized by the Government of India—			
Rohilkund and Kumaon	...	197·80	
B. Subsidized by Local Governments—			
Dibru-Sadiya	...	77·50	
C. Subsidized by District Boards—			
Bengal-Dooars	...	36·40	
D. Receiving land only from Government—			
Bengal and North-Western . . .	1,016·38		
Bengal-Dooars Extensions . . .	116·56		
Deoghur	4·79		
		1,137·73	
(xiii) Unassisted companies' lines—			
Ledo and Tikak-Margherita (*j*) . . .	...	8·50	
Carried over .	...	10,524·64	15,931·52

(*a*) Worked by the Jodhpur-Bikaner Railway.
(*b*) The Native State section of this railway forms an integral part of the Jodhpur section of the Jodhpur-Bikaner Railway.
(*c*) Worked by the Rohilkund and Kumaon Railway Company.
(*d*) Worked by the Madras and Southern Mahratta Railway Company.
(*e*) Worked by the South Indian Railway Company.
(*f*) Worked by the Bombay, Baroda and Central India Railway Company.
(*g*) Includes 2·10 miles at Ujjain, and 3·07 miles between Idgah (Agra) and Jumna Bridge (Agra) laid on the 5′ 6″ gauge, and 26·28 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Kot Kapura and Bhatinda, worked over by the Rajputana-Malwa and North Western State Railways.
(*h*) Worked by the Bengal and North-Western Railway Company.
(*i*) Worked by the Eastern Bengal State Railway Administration.
(*j*) Worked by the Assam Railways and Trading Company.

	Miles.	Miles.	Miles.
Brought forward .	...	10,524·64	15,931·52
3′ 3⅜″ gauge—concld.			
(xiv) Native State lines—			
A. Worked by Native States—			
Bhavnagar-Gondal-Junagad-Porbandar .	(*a*) 334·19		
Bikaner	245·35		
Dhrangadra (*b*)	20·83		
Jamnagar (*b*)	(*c*) 54·22		
Jetalsar-Rajkot (*b*)	46·21		
Jodhpur	463·89		
Morvi	(*d*) 94·64		
Udaipur-Chitor	67·30		
		1,326·63	
B. Worked by companies—			
Birur-Shimoga (*e*)	37·92		
Gaekwar's Mehsana (*f*) . . .	92·63		
Hindupur (Yesvantpur-Mysore Frontier) (*e*)	51·35		
Hyderabad-Godavari Valley (*g*) . .	(*h*) 391·13		
Jaipur (*f*)	72·84		
Kolhapur (*e*)	29·27		
Mysore-Nanjangud (*e*) . . .	15·80		
Sangli (*e*)	4·90		
Shoranur-Cochin (*i*)	64·75		
Tinnevelly-Quilon (Travancore) (*Native State section*) (*i*)	57·98		
Vijapur-Kalol-Kadi (*f*) . . .	41·37		
		859·94	
(xv) Lines in Foreign Territory—			
Karaikkal-Peralam (*i*)	14·65		
Pondicherry (*i*)	7·85		
West of India Portuguese (*e*) . .	51·10		
		73·60	
Total 3′ 3⅜″ gauge .	...	...	12,784·81
2′ 6″ and 2′ 0″ gauges—			
(xvi) State lines worked by the State—			
Dandot Light (2′ 0″) (*j*)	6·18		
Jorhat (2′ 0″)	31·75		
Kalka-Simla (2′ 6″) (*j*)	59·44		
Kohat-Thal (2′ 6″) (*j*)	62·16		
Nowshera-Durgai (2′ 6″) (*j*) . . .	40·25		
		199·78	
Carried over .	...	199·78	28,716·33

(*a*) Includes 5·23 miles of Dock estates and Quarry lines.
(*b*) Worked by the Bhavnagar-Gondal-Junagad-Porbandar Railway.
(*c*) Includes 3·93 miles of the Bedi Bandar Dock estate lines.
(*d*) Includes 20·70 miles of 2′ 6″ gauge line between Vankaner and Morvi.
(*e*) Worked by the Madras and Southern Mahratta Railway Company.
(*f*) Worked by the Bombay, Baroda and Central India Railway Company.
(*g*) Worked by His Highness the Nizam's Guaranteed State Railways Company.
(*h*) Includes 5·82 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Hyderabad and Secunderabad, worked over by His Highness the Nizam's Guaranteed State and the Hyderabad-Godavari Valley Railways.
(*i*) Worked by the South Indian Railway Company.
(*j*) Worked by the North Western State Railway Administration.

	Miles.	Miles.	Miles.
Brought forward .	...	199·78	28,716·33
2′ 6″ and 2′ 0″ gauges—concld.			
(xvii) State lines worked by companies—			
Jubbulpore-Gondia Extension (2′ 6″) (*a*) .	250·10		
Morappur-Dharmapuri (2′ 6″) (*b*) . .	18·53		
Purulia Ranchi (2′ 6″) (*a*) . . .	72·45		
Raipur-Dhamtari (2′ 6″) (*a*) . . .	56·94		
Tirupattur-Krishnagiri (2′ 6″) (*b*) . .	25·38		
		423·40	
(xviii) Assisted companies' lines—			
A. Subsidized by Local Governments—			
Darjeeling-Himalayan (2′ 0″)	...	51·00	
B. Subsidized by District Boards—			
Baraset-Basirhat Light (2′ 6″) . . .	26·06		
Bukhtiarpore-Behar Light (2′ 6″) . .	18·50		
Howrah-Amta Light (2′ 0″) . . .	37·19		
Howrah-Sheakhala Light (2′ 0″) . .	19·75		
Tezpore-Balipara Light (2′ 6″) . .	20·10		
		121·60	
C. Receiving land only from Government—			
Barsi Light (2′ 6″)	78·50		
Matheran (2′ 0″) (*c*)	12·61		
Powayan Light (2′ 6″) (*d*) . . .	39·50		
Shahdra(Delhi)-Saharanpur Light (2′ 6″) .	93·02		
		223·63	
(xix) Unassisted companies' lines—	...		
Tarakeshwar-Magra Light (2′ 6″) . .		33·27	
(xx) Native State lines—			
A. Worked by Native States—			
Cutch (2′ 6″)	11·67		
Dholpur-Bari (2′ 6″)	19·56		
		31·23	
B. Worked by companies—			
Gaekwar's Dabhoi (2′ 6″) (*e*) . . .	94·48		
Gwalior Light (2′ 0″) (*c*) . . .	183·53		
Mourbhanj (2′ 6″) (*a*)	32·41		
Parlakimedi Light (2′ 6″) (*a*) . . .	24·62		
Rajpipla (2′ 6″) (*e*)	37·37		
		372·41	
C. Worked by State railway agency—			
Cooch Behar (2′ 6″) (*f*) . . .	...	33·60	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	1,489·92
Total mileage open of all railways on the 31st March 1908 .	...	...	30,206·25

(*a*) Worked by the Bengal-Nagpur Railway Company.
(*b*) Worked by the South Indian Railway Company.
(*c*) Worked by the Great Indian Peninsula Railway Company.
(*d*) Worked by the Rohilkund and Kumaon Railway Company.
(*e*) Worked by the Bombay, Baroda and Central India Railway Company.
(*f*) Worked by the Eastern Bengal State Railway Administration.

And the mileage under construction or sanctioned for construction on the same date was 2,527·32 miles, as follows:—

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
North Western—				
Kacha Garhi to mile 22·40	22·40			
Lodhran to Khanewal	56·59			
Shorkot Road to Chichoki	130·65			
		209·64		
Oudh and Rohilkhand—				
Balamau to Sitapur (*a*)	37·12			
Rosa to Sitapur (*a*)	51·36			
		88·48		
			298·12	
(ii) State lines worked by companies—				
Baran-Kotah	...	40·78		
Bengal-Nagpur—				
Bhojudih to Parthadihi	2·28			
Branch line near Khanoodih	1·97			
Ramtek to Kandri	2·53			
Sini to Gurumaishini (*a*)	44·00			
Vizianagram to Raipur (*b*)	310·62			
		361·40		
East Indian—				
Bhagalpur to Bausi	31·04			
Borachuk to Sodepur	4·50			
Chord line between the East Indian and Oudh and Rohilkhand State Railways near Moghal Sarai	1·19			
Ghat line to Dhulian	1·06			
Ghat line to Sajinipara	2·50			
Hooghly *viâ* Katwa to Barharwa	164·34			
Toposi to Baraboni	9·31			
		213·94		
Great Indian Peninsula—				
Kurla to Mazagaon	6·87			
Mahim link	1·32			
		8·19		
Nagda-Muttra—				
Kotah to Muttra	...	204·35		
Salem-Attur (*a*)	...	36·06		
			864·72	
Total 5′ 6″ gauge	...	...	...	1,162·84
3′ 3⅜″ gauge—				
(iii) State lines worked by the State—				
Eastern Bengal—				
Forbesganj to the Nepal Frontier	7·40			
Katihar to Godagari	104·93			
Kokrajhar to the Brahmaputra river opposite Gauhati	112·93			
		...	225·26	
Carried over	...	...	225·26	1,162·84

(*a*) Commencement of work not authorized.
(*b*) Commencement of work on the Parvatipuram-Raipur section deferred.

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	225·26	1,162·84
3′ 3⅜″ gauge—concld.				
(iv) State lines worked by companies—				
Assam-Bengal—				
Akhaura to Ashuganj . .	19·32			
Kalaura to the Khooseara river	16·00			
		35·32		
Burma—				
Neikban to Begayet . .	66·25			
Thamaing to Malagaon . .	6·70			
		72·95		
Burma Extensions—				
Danbi to Kyangin . .	...	52·16		
Madras and Southern Mahratta—				
Dhronachellam to Kurnool .	...	32·00		
Nilgiri—				
Coonoor to Ootacamund .	...	11·75		
South Indian—				
Mandapam to Pamban . .	3·19			
Rameswaram to Danushkodi .	11·30			
Tangachimadam to Port Ampthill	1·69			
Tiruppachetti to Sivagunga .	9·00			
		25·18		
Tirhoot—				
Bhagalpur Kachery to Bhagalpur	...			
		0·79		
			230·15	
(v) Assisted companies' lines—				
A. Subsidized by the Government of India—				
Rohilkund and Kumaon—				
Moradabad to Got . .	...	...	4·19	
B. Subsidized by Local Governments—				
Dibru-Sadiya—				
Talap to Saikhoa Ghat .	...	...	8·52	
C. Receiving land only from Government—				
Bengal and North-Western—				
Benares to Jhoosi . .	72·58			
Burhwal to Sitapur . .	59·79			
Madho Singh to the Ganges river opposite Mirzapur .	10·30			
		142·67		
Mirpur Khas-Jhudo . .	...	48·00		
			190·67	
(vi) Native State lines—				
A. Worked by Native States—				
Bikaner—				
Sèyangarh to Hissar . .	...	135·68		
Jodhpur—				
Degana to Seyangarh . .	...	61·32		
			197·00	
B. Worked by companies—				
Gaekwar's Mehsana—				
Chanasma to Bechraji . .	16·74			
Kheralu to Dabhora . .	7·73			
Manund Road to Harij . .	21·37	...		
			45·84	
Total 3′ 3⅜″ gauge .	...	...	...	901·63
Carried over .	...	...	...	2,064·47

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	...	2,064·47
2′ 6″ and 2′ 0″ gauges—				
(vii) State lines worked by the State—				
Jullundur-Kapurthala-Sultanpur (*British section*) (*a*)—				
Jullundur to the British Frontier	...	6·80		
Kalka-Simla (2′ 6″)—				
Present terminus to the old bullock train office .	...	0·50		
			7·30	
(viii) State lines worked by companies—				
Gondia-Chanda (2′ 6″)—				
Gondia to Chanda . .	148·65			
Nagbhir to Nagpur . .	63·75			
		212·40		
Jubbulpore-Gondia Extension (2′ 6″)—				
Khirsadoh to Sirgora . .	8·43			
Nainpur to Mandla . .	26·32			
		34·75		
			247·15	
(ix) Assisted companies' lines—				
A. Subsidized by District Boards—				
Baraset-Basirhat Light (2′ 6″)—				
Basirhat to Hosanabad . .	...	8·50		
Howrah-Amta Light (2′ 0″)—				
Autpur to Champadanga .	6·75			
Autpur to Rajbulhat (*b*) .	3·50			
		10·25		
			18·75	
B. Receiving land only from Government—				
Dwara-Therria Light (2′ 6″)—				
Dwara to Maolong (*c*) . .	13·50			
Maolong to Therria Ghat (*b*) .	5·00			
		19·50		
Shahdara (Delhi)-Saharanpur Light (2′ 6″)—				
Baraut to Meerut (*b*) . .	...	30·00		
			49·50	
(x) Native State lines—				
A. Worked by Native States—				
Cutch (2′ 6″)—				
Anjar to Bhuj . . .	...	...	25·30	
B. Worked by companies—				
Gwalior Light (2′ 0″)—				
Sabalgarh to Sheopur . .	...	66·39		
Kosamba-Zankavav (2′ 6″) .	...	26·44		
			92·83	
C. Worked by State railway agency—				
Jullundur-Kapurthala-Sultanpur (*Native State section*)—				
Sultanpur to the British Frontier (*a*) . . .	...	...	22·02	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	...	462·85
Total of all railways under construction or sanctioned for construction on the 31st March 1908	...	...	...	2,527·32

There was thus a grand total of railways completed and in hand on the 1st April 1908, of 32,733·57 miles.

(*a*) Commencement of work not authorized and question of gauge not finally settled.

(*b*) Commencement of work not authorized.

(*c*) Completion deferred.

During 1908-1909, *i.e.*, from the 1st April 1908 to the 31st March 1909, 52·09 miles of new railway have been authorised as follows: —

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
Oudh and Rohilkhand—				
Dalmau to Munshiganj (*a*)	15·32			
Madhoganj to Sandi	17·05			
Phaphamau to Unao (*a*)	114·58			
Rae Bareli to Mustafabad (*a*)	23·41	...		
			170·36	
(ii) State lines worked by Companies—				
East Indian—				
Parthadihi to Pradhankhunta	...	9·00		
Great Indian Peninsula—				
Amla to Purassia	53·00			
Itarsi to Nagpur	178·45			
		231·45		
			240·45	
(iii) Branch line Companies' railways assisted by Government under "rebate" terms—				
Amritsar Patti—				
Patti to Kasur	...	27·46		
Sutlej Valley—				
Kasur to Lodhran	...	209·28		
			236·74	
(iv) Assisted Companies' railways subsidized by the Government of India—				
Delhi-Umballa-Kalka—				
Thanesar to Kaithal	...	...	28·00	
Total 5′ 6″ gauge	...	...	...	675·55
3′ 3⅜″ gauge—				
(v) State lines worked by Companies—				
Burma—				
Malagaon to Dawbong	...	3·79		
Lucknow-Bareilly—				
Dudhwa to the Nepal Frontier	14·00			
Sonaripore to Ramnagar	20·79			
		34·79		
Madras and Southern Mahratta—				
From a point about a mile below Ramanamalai to Kunnevehalli	...	9·00		
Tirhoot—				
Pertabganj to Bhimnagar	...	13·44		
			61·02	
(vi) District Boards' lines—				
Bezwada-Masulipatam—				
Masulipatam to Masulipatam Port	...	...	2·50	
(vii) Assisted Companies' lines receiving land only from Government—				
Bengal and North-Western—				
Allahabad to Jhusi	6·00			
Chupra to Mushrak	26·32			
Gogra Bridge at Manjhi Ghat and approaches	4·41			
		...	36·73	
Total 3′ 3⅜″ gauge	...	...	...	100·25
Carried over	...	...	...	775·80

(*a*) Commencement of work deferred.

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	...	775·80
2′ 6″ and 2′ 0″ gauges—				
(viii) State lines worked by Companies—				
Jubbulpore-Gondia Extension (2′ 6″)—				
Chhindwara to Nagpur .	94·43			
Khapa branch . . .	4·25	..		
			98·68	
(ix) Assisted Companies' lines—				
A. Subsidized by District Boards—				
Bukhtiarpore-Behar Light (2′ 6″)—				
Behar to Silao . . .	...	...	10·00	
B. Receiving land only from Government—				
Barsi Light (2′ 6″)—				
Pandharpur to Pandharpur Town	...	...	1·36	
(x) Native State lines worked by Companies—				
Gaekwar's Dabhoi (2′ 6″)—				
From a point near Motipura to Kaletia	12·50			
Ghantoli to Songir . .	2·25			
Miyagam to Sinor . .	20·00	...		
			34·75	
(xi) Unassisted Companies' lines—				
Avadi-Poonamallee Light (2′ 0″)—				
Avadi to Poonamallee . .	...	6·50		
Dehri-Rhotas Light (2′ 6″)—				
Dehri-on-Sone to Akbarpore .	...	25·00		
			31·50	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	...	176·29
Total .	...	...	...	952·09

And 774·26 miles have been or are likely to be opened to public traffic as follows:—

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
North Western—				
Lodhran to Khanewal . .	...	...	56·59	
(ii) State lines worked by Companies—				
Baran-Kotah—				
Baran to Antah . . .	...	13·31		
Bengal-Nagpur—				
Ramtek to Kandri . .	*2·18			
Vizianagram to Parvatipuram .	48·30			
		50·48		
East Indian—				
Barharwa to Dhulian . .	17·35			
Portion of the Toposi-Baraboni loop	3·99			
		21·34		
			85·13	
Total 5′ 6″ gauge .	...	...	...	141·72
3′ 3⅜″ gauge—				
(iii) State lines worked by the State—				
Eastern Bengal—				
Forbesganj to the Nepal Frontier	7·40			
Katihar to Godagari . .	*105·00	...		
			112·40	
(iv) State lines worked by Companies—				
Burma Extensions—				
Danbi to Kyangin . .	...	52·16		
Madras and Southern Mahratta				
Dhronachellam to Kurnool .	...	*31·75		
Nilgiri—				
Coonoor to Ootacamund .	...	*11·97		
South Indian—				
Rameswaram to Danushkodi .	...	11·30		
Tirhoot—				
Bhagalpur to Bhagalpur Kutchery	...	*1·07		
			108·25	
Carried over .	...	...	220·65	141·72

*Correction of mileage.

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	230·65	141·72
3′ 3⅜″ gauge—concld.				
(v) District Boards' lines—				
Bezwada-Masulipatam—				
Masulipatam to Masulipatam Port	...	...	2·50	
(vi) Assisted Companies' lines—				
A. Subsidized by the Government of India—				
Rohilkund and Kumaon—				
Moradabad to Got . .	...	...	4·19	
B. Receiving land only from Government—.				
Bengal and North-Western—				
Benares to Jhusi . . .	72·58			
Madho Singh to the Ganges river opposite Mirzapur .	10·30			
		82·88		
Mirpur Khas-Jhudo . .	...	*50·00		
			132·88	
(vii) Native State lines worked by Companies—				
Gaekwar's Mehsana—				
Chanasma to Bechraji . .	16·74			
Manund Road to Harij . .	21·37	...		
			38·11	
Total 3′ 3⅜″ gauge .	...	...	...	398·33
2′ 6″ and 2′ 0″ gauges—				
(viii) State lines worked by Companies—				
Gondia-Chanda (2′ 6″)—				
Gondia to Itwari . . .	...	147·78		
Jubbulpore-Gondia Extension (2′ 6″)—				
Nainpur to Mandla . .	...	*26·40		
			174·18	
(ix) Assisted Companies' lines subsidized by District Boards—				
Baraset-Basirhat Light (2′ 6″)—				
Basirhat to Hosanabad . .	...	8·50		
Howrah-Amta Light (2′ 0″)—				
Autpur to Champadanga .	...	*6·68		
			15·18	
(x) Native State lines—				
A. Worked by Native States—				
Cutch (2′ 6″)—				
Anjar to Bhuj . . .	...	...	*25·11	
B. Worked by Companies—				
Gwalior Light (2′ 0″)—				
Sabalgarh to Birpur . .	...	...	*19·74	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	...	234·21
Total .	...	...	...	774·26

* Correction of mileage.

The total length of open line at the commencement of 1909-1910, *i.e.*, on the 1st April 1909, will, therefore, be 30,983·04 miles, comprising—

	Miles.	Miles.	Miles.
5′ 6″ gauge—			
(i) State lines worked by the State—			
Eastern Bengal	507·47		
North Western	(*a*)* 3,513·98		
Oudh and Rohilkhand	(*b*) 1,223·23		
		5,244·68	
(ii) State lines worked by companies—			
Agra-Delhi Chord (*c*)	125·99		
Baran-Kotah (*c*)	13·31		
Bengal-Nagpur	*1,788·18		
Bezwada Extension (*d*)	20·58		
Bhopal-Itarsi (*British section*) (*c*)	13·11		
Bombay, Baroda and Central India	(*e*) 504·35		
East Indian	*2,230·96		
Godhra-Rutlam-Nagda (*f*)	141·14		
Great Indian Peninsula	*1,599·41		
Indian Midland (*c*)	*812·39		
Madras and Southern Mahratta	(*g*) 1,031·69		
Nagda-Muttra (*f*)	*138·50		
South Indian	445·94		
		8,865·55	
(iii) Companies' lines guaranteed by Government under modern contracts—			
Hardwar-Dehra (*h*)	...	32·04	
(iv) Branch line companies' railways assisted by Government under "rebate" terms—			
Amritsar-Patti (*i*)	27·49		
Southern Punjab (*i*)	423·75		
Southern Punjab (Ludhiana) Extension (*i*)	152·04		
Tapti Valley (*f*)	155·48		
		758·76	
Carried over	...	14,901·03	

(*a*) Includes 5·63 miles of military line not used for public traffic and 26·28 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Bhatinda and Kot Kapura, worked over by the North Western State and Rajputana-Malwa Railways.

(*b*) Includes 16·79 miles between Burhwal and Bara Banki and 0·59 mile on the Cawnpore Bridge of mixed (5′ 6″ and 3′ 3⅜″) gauge line, and 1·81 miles of 3′ 3⅜″ gauge line between the Oudh and Rohilkhand State Railway Cantonment and the Bengal and North-Western Railway City stations at Benares.

(*c*) Worked by the Great Indian Peninsula Railway Company.

(*d*) Worked by His Highness the Nizam's Guaranteed State Railways Company.

(*e*) Includes 39·23 miles of 3′ 3⅜″ gauge line between Viramgam and Wadhwan.

(*f*) Worked by the Bombay, Baroda and Central India Railway Company.

(*g*) Includes 1·89 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Bezwada and Kistna block hut, and 1·08 miles of 3′ 3⅜″ gauge line between Kistna block hut and Tadepalli.

(*h*) Worked by the Oudh and Rohilkhand State Railway Administration.

(*i*) Worked by the North Western State Railway Administration.

* Correction of mileage.

	Miles.	Miles.	Miles.
Brought forward	...	14,901·03	
5′ 6″ gauge—concld.			
(v) Assisted companies' lines—			
A. Subsidized by the Government of India—			
Delhi-Umballa-Kalka (*a*)	...	162·36	
B. Receiving land only from Government—			
Tarkessur (*a*)	...	*22·20	
(vi) Native State lines—			
A. Worked by companies—			
Bhopal-Itarsi (*Native State section*) (*b*)	44·28		
Bhopal-Ujjain (*b*)	113·27		
Bina-Goona-Baran (*b*)	145·63		
Kolar Gold-fields (*c*)	9·88		
Nagda-Ujjain (*d*)	34·32		
Nizam's Guaranteed State	(*e*) 330·13		
Petlad-Cambay (Anand-Tarapur section) (*d*)	21·50		
Petlad-Cambay (Tarapur-Cambay section)(*d*)	12·30		
		711·31	
B. Worked by State railway agency—			
Jammu and Kashmir (*Native State section*) (*f*) and (*g*)	15·98		
Ludhiana-Dhuri-Jakhal (*f*)	78·65		
Rajpura-Bhatinda (*f*)	107·05		
		201·68	
(vii) Leased lines—			
South Behar (*a*)	...	78·76	
Total 5′ 6″ gauge	...	...	16,077·34
3′ 3⅜″ gauge—			
(viii) State lines worked by the State—			
Cawnpore-Burhwal (*metre gauge link*)	(*h*) 79·60		
Eastern Bengal—			
Behar, Kaunia-Dhubri and Northern sections (*including the British section of the Santrabari Extension and the Ranaghat-Krishnagar and Teesta-Kurigram branches*)	*793·48		
Dacca section	85·92		
		959·00	
Carried over	...	959·00	16,077·34

(*a*) Worked by the East Indian Railway Company.
(*b*) Worked by the Great Indian Peninsula Railway Company.
(*c*) Worked by the Madras and Southern Mahratta Railway Company.
(*d*) Worked by the Bombay, Baroda and Central India Railway Company.
(*e*) Includes 5·82 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Hyderabad and Secunderabad, worked over by His Highness the Nizam's Guaranteed State and the Hyderabad-Godavari Valley Railways.
(*f*) Worked by the North Western State Railway Administration.
(*g*) The British section of this railway forms an integral part of the North Western State Railway.
(*h*) Excludes 3·40 miles of the Lucknow-Bareilly Railway between Aishbagh and Daliganj, worked over, but includes 16·79 miles between Burhwal and Bara Banki and 0·59 mile on the Cawnpore Bridge of mixed (5′ 6″ and 3′ 3⅜″) gauge line of the Oudh and Rohilkhand State Railway.

* Correction of mileage.

	Miles.	Miles.	Miles.
Brought forward	...	959·00	16,077·34
3′ 3⅜″ gauge—contd.			
(ix) State lines worked by companies—			
Assam-Bengal	775·28		
Burma	1,340·15		
Burma Extensions	186·93		
Jodhpur-Hyderabad (*British section*) (*a*) and (*b*)	123·98		
Lucknow-Bareilly (*c*)	237·04		
Madras and Southern Mahratta	*1,542·87		
Mysore section (Madras and Southern Mahratta) (*d*)	296·22		
Nilgiri (*e*)	28·96		
Palanpur-Deesa (*f*)	17·28		
Rajputana-Malwa (*g*)	*(*g*) 1,778·94		
South Indian	876·80		
Tinnevelly-Quilon (Travancore) (*British section*) (*e*)	50·48		
Tirhoot (*h*)	*775·76		
		8,030·69	
(x) District Boards' lines—			
Bezwada-Masulipatam (*d*)	*51·88		
Tanjore District Board (*e*)	103·36		
		155·24	
(xi) Branch line companies' railways assisted by Government under "rebate" terms—			
Ahmedabad-Dholka (*f*)	33·50		
Ahmedabad-Parantij (*f*)	54·70		
Mymensing-Jamalpur-Jagannathganj (*i*)	*53·91		
		142·11	
(xii) Assisted companies' lines—			
A. Subsidized by the Government of India—			
Rohilkund and Kumaon	...	*202·06	
B. Subsidized by Local Governments—			
Dibru-Sadiya	...	77·50	
C. Subsidized by District Boards—			
Bengal-Dooars	...	36·40	
D. Receiving land only from Government—			
Bengal and North-Western	*1,099·63		
Bengal-Dooars Extensions	116·56		
Deoghur	4·79		
Mirpur Khas-Jhudo	50·00		
		1,270·98	
(xiii) Unassisted companies' lines—			
Ledo and Tikak-Margherita (*j*)	...	8·50	
Carried over	...	10,882·48	16,077·34

(*a*) Worked by the Jodhpur-Bikaner Railway.
(*b*) The Native State section of this railway forms an integral part of the Jodhpur section of the Jodhpur-Bikaner Railway.
(*c*) Worked by the Rohilkund and Kumaon Railway Company.
(*d*) Worked by the Madras and Southern Mahratta Railway Company.
(*e*) Worked by the South Indian Railway Company.
(*f*) Worked by the Bombay, Baroda and Central India Railway Company.
(*g*) Includes 2·10 miles at Ujjain, and 3·07 miles between Idgah (Agra) and Jumna Bridge (Agra) laid on the 5′ 6″ gauge, and 26·28 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Kot Kapura and Bhatinda, worked over by the Rajputana-Malwa and North Western State Railways.
(*h*) Worked by the Bengal and North-Western Railway Company.
(*i*) Worked by the Eastern Bengal State Railway Administration.
(*j*) Worked by the Assam Railways and Trading Company.

* Correction of mileage.

	Miles.	Miles.	Miles.
Brought forward .	...	10,882·48	16,077·34
3′ 3⅜″ gauge—concld.			
(xiv) Native State lines—			
A. Worked by Native States—			
Bhavnagar-Gondal-Junagad-Porbandar .	*(*a*) 337·89		
Bikaner	245·35		
Dhrangadra (*b*)	20·83		
Jamnagar (*b*)	(*c*) 54·22		
Jetalsar-Rajkot (*b*)	46·21		
Jodhpur	463·89		
Morvi	(*d*)* 92·83		
Udaipur-Chitor	67·30		
		1,328·52	
B. Worked by companies—			
Birur-Shimoga (*e*)	37·92		
Gaekwar's Mehsana (*f*)	130·74		
Hindupur (Yesvantpur-Mysore Frontier) (*e*) .	51·35		
Hyderabad-Godavari Valley (*g*) . . .	(*h*) 391·13		
Jaipur (*f*)	72·84		
Kolhapur (*e*)	29·27		
Mysore-Nanjangud (*e*)	15·80		
Sangli (*e*)	4·90		
Shoranur-Cochin (*i*)	64·75		
Tinnevelly-Quilon (Travancore) (*Native State section*) (*i*)	57·98		
Vijapur-Kalol-Kadi (*f*)	41·37		
		898·05	
(xv) Lines in Foreign Territory—			
Karaikkal-Peralam (*i*)	14·65		
Pondicherry (*i*)	7·85		
West of India Portuguese (*e*) . . .	51·10		
		73·60	
Total 3′ 3⅜″ gauge .	...	...	13,182·65
2′ 6″ and 2′ 0″ gauges—			
(xvi) State lines worked by the State—			
Dandot Light (2′ 0″) (*j*)	6·18		
Jorhat (2′ 0″)	31·75		
Kalka-Simla (2′ 6″) (*j*)	59·44		
Kohat-Thal (2′ 6″) (*j*)	61·60		
Nowshera-Durgai (2′ 6″) (*j*) . . .	40·25		
		199·22	
Carried over .	...	199·22	29,259·99

(*a*) Includes 8·93 miles of Dock estates and Quarry lines.

(*b*) Worked by the Bhavnagar-Gondal-Junagad-Porbandar Railway.

(*c*) Includes 3·93 miles of the Bedi Bandar Dock estate lines.

(*d*) Includes 18·89 miles of 2′ 6″ gauge line between Vankaner and Morvi.

(*e*) Worked by the Madras and Southern Mahratta Railway Company.

(*f*) Worked by the Bombay, Baroda and Central India Railway Company.

(*g*) Worked by His Highness the Nizam's Guaranteed State Railways Company.

(*h*) Includes 5·82 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Hyderabad and Secunderabad, worked over by His Highness the Nizam's Guaranteed State and the Hyderabad-Godavari Valley Railways.

(*i*) Worked by the South Indian Railway Company.

(*j*) Worked by the North Western State Railway Administration.

* Correction of mileage.

	Miles.	Miles.	Miles.
Brought forward .	...	199·22	29,259·99
2′ 6″ and 2′ 0″ gauges—concld.			
(xvii) State lines worked by companies—			
Gondia-Chanda (2′ 6″) . . .	147·78		
Jubbulpore-Gondia Extension (2′ 6″) (*a*) .	276·50		
Morappur-Dharmapuri (2′ 6″) (*b*) . .	18·53		
Purulia-Ranchi (2′ 6″) (*a*) . . .	72·45		
Raipur-Dhamtari (2′ 6″) (*a*) . . .	56·94		
Tirupattur-Krishnagiri (2′ 6″) (*b*) . . .	25·38		
		597·58	
(xviii) Assisted companies' lines—			
A. Subsidized by Local Governments—			
Darjeeling-Himalayan (2′ 0″) . . .	...	51·00	
B. Subsidized by District Boards—			
Baraset-Basirhat Light (2′ 6″) . . .	34·56		
Bukhtiarpore-Behar Light (2′ 6″) . .	18·50		
Howrah-Amta Light (2′ 0″) . . .	43·87		
Howrah-Sheakhala Light (2′ 0″) . .	19·75		
Tezpore-Balipara Light (2′ 6″) . . .	20·10		
		136·78	
C. Receiving land only from Government—			
Barsi Light (2′ 6″)	78·50		
Matheran (2′ 0″) (*c*)	12·61		
Powayan Light (2′ 6″) (*d*) . . .	39·50		
Shahdara (Delhi)-Saharanpur Light (2′ 6″)	*92·50		
		223·11	
(xix) Unassisted companies' lines—			
Tarakeshwar-Magra Light (2′ 6″) . .	...	33·27	
(xx) Native State lines—			
A. Worked by Native States—			
Cutch (2′ 6″)	36·78		
Dholpur-Bari (2′ 6″)	19·56		
		56·34	
B. Worked by companies—			
Gaekwar's Dabhoi (2′ 6″) (*e*) . . .	94·48		
Gwalior Light (2′ 0″) (*c*) . . .	203·27		
Mourbhanj (2′ 6″) (*a*)	32·41		
Parlakimedi Light (2′ 6″) (*a*) . . .	24·62		
Rajpipla (2′ 6″) (*e*)	37·37		
		392·15	
C. Worked by State railway agency—			
Cooch Behar (2′ 6″) (*f*) . . .	...	33·60	
Total 2′ 6″ and 2′ 0″ gauges . .	...	...	1,723·05
Total mileage open of all railways on the 31st March 1909 . .	...	...	†30,983·04

(*a*) Worked by the Bengal-Nagpur Railway Company.
(*b*) Worked by the South Indian Railway Company.
(*c*) Worked by the Great Indian Peninsula Railway Company.
(*d*) Worked by the Rohilkund and Kumaon Railway Company.
(*e*) Worked by the Bombay, Baroda and Central India Railway Company.
(*f*) Worked by the Eastern Bengal State Railway Administration.
* Correction of mileage.
† Made up as follows:—

Open at the commencement of 1908-1909 . . .		30,206·25
Add—		
Open during 1908-1909	774·26	
Adra loop of the Bengal-Nagpur Railway previously treated as a siding	2·29	
Moth-Sheora Hill Section of the Indian Midland Railway previously omitted	2·51	
Ranawao Quarry branch of the Bhavnagar-Gondal-Junagad-Porbandar railway previously omitted .	3·70	782·76
		30,989·01
Deduct—		
Pertabganj-Khanwa Ghat section of the Tirhoot State Railway taken up	5·93	
Net decrease due to minor corrections of mileage .	0·04	
		5·97
		30,983·04

And the mileage under construction or sanctioned for construction on the 31st March 1909 will therefore be 2,740·58 miles, made up as follows :—

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
North Western—				
Kacha Garhi to mile 22·40	22·40			
Shorkot Road to Chichoki	* 135·80			
		158·20		
Oudh and Rohilkhand—				
Balamau to Sitapur	37·12			
Dalmau to Munshiganj (*a*)	15·32			
Madhoganj to Sandi	17·05			
Phaphamau to Unao (*a*)	114·58			
Rae Bareli to Mustafabad (*a*)	23·41			
Rosa to Sitapur	51·36			
		258·84		
			417·04	
(ii) State lines worked by companies—				
Baran Kotah—				
Antah to Kotah	...	27·47		
Bengal-Nagpur—				
Bhojudih to Parthadihi	2·28			
Branch line near Khanoodih	1·97			
Kalimati to Gurumaishini	*44·50			
Parvatipuram to Raipur (*a*)	260·75			
		309·50		
East Indian—				
Bhagalpur to Bausi	31·04			
Borachuk to Sodepur	4·50			
Chord line between the East Indian and Oudh and Rohilkhand State Railways near Moghal Sarai	1·19			
Ghat line to Dhulian	1·06			
Ghat line to Sajinipara	2·50			
Hooghly to Dhulian	146·99			
Parthadihi to Pradhankhunta	9·00			
Portion of the Toposi Baraboni branch	5·32			
		201·60		
Great Indian Peninsula—				
Amla to Purassia	53·00			
Itarsi to Nagpur	178·45			
Kurla to Mazagaon	* 6·83			
Mahim link	1·32			
		239·60		
Nagda-Muttra—				
Kotah to Muttra	...	204·35		
Salem-Attur (*b*)	...	36·06		
			1,018·58	
(iii) Branch lines companies' railways assisted by Government under "rebate" terms—				
Amritsar-Patti—				
Patti to Kasur	...	27·46		
Sutlej Valley—				
Kasur to Lodhran	...	209·28		
			236·74	
(iv) Assisted companies' railways subsidized by the Government of India—				
Delhi-Umballa-Kalka—				
Thanesar to Kaithal	...	...	28·00	
Total 5′ 6″ gauge	...	...	...	1,700·36
Carried over	...	...	...	1,7003·6

(*a*) Commencement of work deferred.
(*b*) Commencement of work not authorized.
* Correction of mileage.

	Miles.	Miles.	Miles.	Miles.
Brought forward	...	...	...	1,700·36
3′ 3⅜″ gauge—				
(v) State lines worked by the State—				
Eastern Bengal—				
Kokrajhar to the Brahmaputra river opposite Gauhati	...	...	112·93	
(vi) State lines worked by companies—				
Assam-Bengal—				
Akhaura to Ashuganj	19·32			
Kalaura to the Khooseara river	16·00			
		35·32		
Burma—				
Malagaon to Dawbong	3·79			
Neikban to Begayet	66·25			
Thamaing to Malagaon	6·70			
		76·74		
Lucknow-Bareilly—				
Dudhwa to the Nepal Frontier	14·00			
Sonaripur to Ramnagar	20·79			
		34·79		
Madras and Southern Mahratta—				
From a point about a mile below Ramanamalai to Kunnevehalli	...	9·00		
South Indian—				
Mandapam to Pamban	3·19			
Tangachimadam to Port Ampthill	1·69			
Tiruppachettai to Sivagunga	9·00			
		13·88		
Tirhoot—				
Pertabganj to Bhimnagar	...	13·44		
			183·17	
(vii) Assisted companies' lines—				
A. Subsidized by Local Governments—				
Dibru-Sadiya—				
Talap to Saikhoa Ghat	...	...	8·52	
B. Receiving land only from Government—				
Bengal and North-Western—				
Allahabad to Jhusi	6·00			
Burhwal to Sitapur	59·79			
Chupra to Mushrak	26·32			
Gogra Bridge at Manjhi Ghat and approaches	4·41	...		
			96·52	
(viii) Native State lines—				
A. Worked by Native States—				
Bikaner—				
Seyangarh to Hissar	...	*159·92		
Jodhpur—				
Degana to Seyangarh	...	61·32		
			221·24	
B. Worked by companies—				
Gaekwar's Mehsana—				
Kheralu to Dabhora	...	...	7·73	
Total 3′ 3⅜″ gauge	...	...	...	630·11
Carried over	...	...	...	2,330·47

* Correction of mileage.

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	...	2,330·47
2′ 6″ and 2′ 0″ gauges—				
(ix) State lines, worked by the State—				
Jullundur-Kapurthala-Sultanpur (*British section*) (*a*)—				
Jullundur to the British Frontier	...	6·80		
Kalka-Simla (2′ 6″)—				
Present terminus to the old bullock train office . .	...	* 0·45		
(x) State lines worked by companies—			7·25	
Gondia-Chanda (2′ 6″)—				
Itwari to Nagpur . .	3·50			
Nagbhir to Chanda . .	66·50			
Jubbulpore-Gondia Extension (2′ 6″)—		70·00		
Khapa branch . . .	4·25			
Khirsadoh to Sirgora . .	8·43			
Nagpur to Chhindwara . .	94·43			
(xi) Assisted companies' lines—		107·11		
A. Subsidized by District Boards—			177·11	
Bukhtiarpore-Behar Light (2′ 6″)—				
Behar to Silao . . .	...	10·00		
Howrah-Amta Light (2′ 0″)—				
Autpur to Rajbulhat (*b*) .	...	3·50		
B. Receiving land only from Government—			13·50	
Barsi Light (2′ 6″)—				
Pandharpur to Pandharpur Town	...	1·36		
Dwara-Therria Light (2′ 6″)—				
Dwara to Maolong (*c*) . .	13·50			
Maolong to Therria Ghat (*b*) .	6·00			
Shahdara (Delhi)-Saharanpur Light (2′ 6″)—		19·50		
Baraut to Meerut (*b*) . .	...	30·00		
(xii) Unassisted Companies' lines—			50·86	
Avadi-Poonamallee Light (2′ 0″)—				
Avadi to Poonamallee . .	...	6·50		
Dehri-Rhotas Light (2′ 6″)—				
Dehri-on-Sone to Akbarpore .	...	25·00		
(xiii) Native State lines—			31·50	
A. Worked by companies—				
Gaekwar's Dabhoi (2′ 6″)—				
From a point near Motipura to Kaletia	12·50			
Ghantoli to Songir . .	2·25			
Miyagam to Sinor . .	20·00			
Gwalior Light (2′ 0″)—		34·75		
Birpur to Sheopur . .	...	46·68		
Kosamba-Zankavav (2′ 6″) .	...	26·44		
B. Worked by State Railway Agency—			107·87	
Jullundur-Kapurthala-Sultanpur (*Native State section*)—				
Sultanpur to the British Frontier (*a*) . . .	...	...	22·02	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	...	410·11
Total of all railways under construction or sanctioned for construction on the 31st March 1909	...	...	...	2,740·58

(*a*) Commencement of work not authorized and question of gauge not finally settled.

(*b*) Commencement of work not authorized.

(*c*) Completion deferred.

* Correction of mileage.

Making a grand total of railways completed and in hand at the commencement of 1909-1910 of miles . . . . . *33,723·62

And showing, after allowing for lines abandoned and corrections of mileage, an advance on the previous year of miles 990·05

It is expected that the following lengths of unfinished line will be opened for public traffic in 1909-1910:—

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
North Western—				
Kacha Garhi to mile 22·40 .	...	22·40		
Oudh and Rohilkhand—				
Madhoganj to Sandi . .	...	17·05		
(ii) State lines worked by companies—			39·45	
Baran Kotah—				
Antah to Kotah	...	27·47		
East Indian—				
Parthadihi to Pradhankhunta	...	9·00		
Great Indian Peninsula—				
Kurla to Mazagaon . .	6·83			
Mahim link	1·32			
		8·15		
Nagda-Muttra—				
Kotah to Muttra . . .	...	204·35		
			248·97	
Total 5′ 6″ gauge .	...	...	...	288·42
3′ 3⅜″ gauge—				
(iii) State lines worked by the State—				
Eastern Bengal—				
Kokrajhar to the Brahmaputra river opposite Gauhati .	...	...	112·93	
(iv) State lines worked by companies—				
Assam-Bengal—				
Akhaura to Ashuganj . .	...	...	19·32	
(v) Assisted Companies' lines—				
A. Subsidized by Local Governments—				
Dibru-Sadiya—				
Talap to Saikhoa Ghat .	...	...	8·52	
B. Receiving land only from Government—				
Bengal and North-Western—				
Chupra to Mushrak . .	...	...	26·32	
(vi) Native State lines—				
A. Worked by Native States—				
Bikaner—				
Seyangarh to Hissar . .	...	159·92		
Jodhpur—				
Degana to Seyangarh . .	...	61·32		
			221·24	
Carried over .	...	...	388·33	288·42

* Made up as follows:—

Completed and in hand at the beginning of 1908-1909 . . .		32,733·57
Add—		
Sanctioned during 1908-1909	952·09	
Increase in length of the Shorkot Road-Chichoki Extension of the North Western State Railway . .	5·15	
Adra loop of the Bengal-Nagpur Railway previously treated as a siding	2·29	
Moth-Sheora hill section of the Indian Midland Railway previously omitted	2·51	
Ranaowao Quarry branch of the Bhavnagar-Gondal-Junagad-Porbandar Railway previously omitted . .	3·70	
Increase in length of the Hissar Extension of the Bikaner Railway on re-alignment	24·24	
Increase in mileage of the Nagbhir-Chanda section of the Gondia-Chanda Railway	5·38	
Net increase due to minor corrections of mileage . .	0·62	995·98
Deduct—		33,729·55
Pertabganj-Khanwa Ghat section of the Tirhoot State Railway taken up		5·93
		33,723·62

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	388·33	288·42
3′ 3⅜″ gauge—concld.				
(vi) Native State lines—*concld.*				
B. Worked by Companies—				
Gaekwar's Mehsana—				
Kheralu to Dabhora . .	...	...	7·73	
Total 3′ 3⅜″ gauge .	...	...	...	396·06
2′ 6″ and 2′ 0″ gauges—				
(vii) State lines worked by the State—				
Kalka-Simla (2′ 6″)				
Present terminus to the old bullock train office . .	...	...	0·45	
(viii) Native State lines worked by Companies—				
Gwalior Light (2′ 0″)—				
Birpur to Sheopur . . .	...	...	46·68	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	...	47·13
Total .	...	...	...	731·61

Leaving the undermentioned lines for completion in 1910-1911 or later.

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
North Western—				
Shorkot Road to Chichoki .	...	135·80		
Oudh and Rohilkhand—				
Balamau to Sitapur . .	37·12			
Dalmau to Munshiganj (*a*) .	15·32			
Phaphamau to Unao (*a*) .	114·58			
Rae Bareli to Mustafabad (*a*) .	23·41			
Rosa to Sitapur . . .	51·36			
		241·79		
(ii) State lines worked by Companies—			377·59	
Bengal-Nagpur—				
Bhojudih to Parthadihi . .	2·28			
Branch line near Khanoodih .	1·97			
Kalimati to Gurumaishini .	44·50			
Parvatipuram to Raipur (*a*) .	260·75			
		309·50		
East Indian—				
Bhagalpur to Bausi . .	31·04			
Borachuk to Sodepur . .	4·50			
Chord line between the East Indian and Oudh and Rohilkhand State Railways near Moghal Sarai . . .	1·19			
Ghat line to Dhulian . .	1·06			
Ghat line to Sajinipara . .	2·50			
Hooghly to Dhulian . .	146·99			
Portion of the Toposi Baraboni branch	5·32			
		192·60		
Great Indian Peninsula—				
Amla to Purassia . .	53·00			
Itarsi to Nagpur . .	178·45			
		231·45		
Salem-Attur (*b*) . . .	...	36·06		
(iii) Branch Line Companies' railways assisted by Government under rebate' terms—			769·61	
Amritsar-Patti—				
Patti to Kasur . .	...	27·46		
Sutlej Valley—				
Kasur to Lodhran . .	...	209·28		
			236·74	
Carried over .	...	...	1,383·94	

(*a*) Commencement of work deferred.

(*b*) Commencement of work not authorized.

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	1,383·94	
5′ 6″ gauge—concld.				
(iv) **Assisted Companies' lines subsidized by the Government of India**—				
Delhi-Umballa-Kalka—				
Thanesar to Kaithal . .	...	...	28·00	
Total 5′ 6″ gauge .	...	...	..	1,411·94
3′ 3⅜″ gauge—				
(v) **State lines worked by companies**—				
Assam-Bengal—				
Kalaura to the Khooseara river	...	16·00		
Burma—				
Malagaon to Dawbong . .	3·79			
Neikban to Begayet . .	66·25			
Thamaing to Malagaon . .	6·70			
		76·74		
Lucknow-Bareilly—				
Dudhwa to the Nepal Frontier	14·00			
Sonaripur to Ramnagar . .	20·79			
		34·79		
Madras and Southern Mahratta—				
From a point about a mile below Ramanamalai to Kunnevehalli . . .	...	9·00		
South Indian—				
Mandapam to Pamban . .	3·19			
Tangachimadam to Port Ampthill . . .	1·69			
Tiruppachettai to Sivagunga .	9·00			
		13·88		
Tirhoot—				
Pertabganj to Bhimnagar .	...	13·44		
			163·85	
(vi) **Assisted companies' lines receiving land only from Government**—				
Bengal and North-Western—				
Allahabad to Jhusi . . .	6·00			
Burhwal to Sitapur . .	59·79			
Gogra Bridge at Manjhi Ghat and approaches . .	4·41	...		
			70·20	
Total 3′ 3⅜″ gauge .	...	...	...	234·05
Carried over .	...	...	...	1,645·99

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	...	1,645·99
2′ 6″ and 2′ 0″ gauges—				
(vii) State lines worked by the State—				
Jullundur-Kapurthala-Sultanpur (*British section*) (*a*)—				
Jullundur to the British Frontier	...	...	6·80	
(viii) State lines worked by companies—				
Gondia-Chanda (2′ 6″)—				
Itwari to Nagpur . . .	3·50			
Nagbhir to Chanda . .	66·50			
		70·00		
Jubbulpore Gondia Extension (2′ 6″)—				
Khapa branch . . .	4·25			
Khirsadoh to Sirgora . .	8·43			
Nagpur to Chhindwara .	94·43			
		107·11		
			177·11	
(ix) Assisted companies' lines—				
A. Subsidized by District Boards—				
Bukhtiarpore-Behar Light (2′ 6″)—				
Behar to Silao . . .	...	10·00		
Howrah-Amta Light (2′ 0″)—				
Autpur to Rajbulhat (*b*) . .	...	3·50		
			13·50	
B. Receiving land only from Government—				
Barsi Light (2′ 6″)—				
Pandharpur to Pudharpur Town	...	1·36		
Dwara-Therria Light (2′ 6″)—				
Dwara to Maolong (*c*) . .	13·50			
Maolong to Therria Ghat (*b*) .	6·00			
		19·50		
Shahdara (Delhi)-Saharanpur Light (2′ 6″)—				
Baraut to Meerut (*b*) . . .	...	30·00		
			50·86	
(x) Unassisted Companies' lines—				
Avadi-Poonamallee Light (2′ 0″)—				
Avadi to Poonamallee . .	...	6·50		
Dehri-Rhotas Light (2′ 6″)—				
Dehri-on-Sone to Akbarpur .	...	25·00		
			31·50	
(xi) Native State lines—				
A. Worked by companies—				
Gaekwar's Dabhoi (2′ 6″)—				
From a point near Motipura to Kaletia	12·50			
Ghantoli to Songir . .	2·25			
Miyagam to Sinor . .	20·00			
		34·75		
Kosamba-Zankavav (2′ 6″) .	...	26·44		
			61·19	
B. Worked by State railway agency—				
Jullundur-Kapurthala-Sultanpur (*Native State section*)—				
Sultanpur to the British Frontier (*a*) . . .	...	...	22·02	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	...	362·98
Total .	...	...	...	2,008·97

(*a*) Commencement of work not authorized and question of gauge not finally settled.
(*b*) Commencement of work not authorized.
(*c*) Completion deferred.

APPENDIX IV.

TABLE I.—MIS

	1900-1901.	1901-1902.	1902-1903.
Recorded Revenue compared with recorded expenditure excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	£ 1,670,204	£ 4,950,243	£ 3,069,549
Deficit	...	...	...
Capital Expenditure on Public Works not charged against Revenue*	£ 4,040,958	£ 4,071,152	£ 5,128,192
Ditto charge involved in Redemption of Liabilities	£ 5,922,350	...	...
Net Public Debt incurred	£ 10,827,153	£ 2,582,283	£ 1,039,655
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	£ 12,173,251	£ 3,207,898	£ 1,414,781
Value of commodities exported, excluding Gold and Silver	₹ 1,07,71,80,000	1,24,89,50,000	1,29,39,60,000
Ditto imported, ditto ditto	₹ 80,89,50,000	88,78,00,000	85,81,90,000
Excess of Exports over Imports, excluding Gold and Silver	₹ 26,82,30,000	36,11,50,000	43,57,70,000
Net Imports of Gold	₹ 84,20,000	1,93,80,000	8,76,40,000
Ditto of Silver	₹ 9,50,70,000	7,19,30,000	6,95,70,000
TOTAL NET IMPORTS OF GOLD AND SILVER	₹ 10,34,90,000	9,13,10,000	15,72,10,000
Excess of Exports over Imports including Gold and Silver	₹ 16,47,40,000	26,98,40,000	27,85,60,000
Grand Total value of Imports and Exports of all kinds	₹ 2,27,41,70,000	2,45,74,80,000	2,50,25,20,000
Secretary of State's Bills sold (Rupees)	₹ 19,98,37,693	§ 27,83,01,050	§27,74,67,265
Sterling Equivalent received	£ 13,300,277	§ 18,539,071	§18,499,947
Silver coined at the Indian Mints	₹ 17,26,48,724	5,13,47,732	11,38,94,848
Maximum price in pence of an oz. troy, standard Silver in London	$30\frac{3}{16}$ (Oct.)	$27\frac{15}{16}$ (Apl.)	$27\frac{7}{16}$ (Apl.)
Minimum ditto ditto	$27\frac{5}{16}$ (Apl.)	$24\frac{13}{16}$ (Mar.)	$21\frac{11}{16}$ (Nov.&Jan.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 3·9733d.	1s. 3·9870d.	1s. 4·0018d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 4d.	1s. 4d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	8 (Feb. 7 to Mar. 20).	8 (Feb. 12 to Mar. 26).	8 (Feb. 19 to Mar. 25).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (July 5 to Aug. 8).	3 (July 18 to Aug. 21).	3 (July 10 to Oct. 14).
Maximum rate of discount at the Bank of England	5 (Jan. 3 to Feb. 1).	4 (Apl. to June 5 and Nov. to Jan. 22).	4 (Oct. 2 to Mar. 31).
Minimum ditto ditto	3 (June 14 to July 18).	3 (June 13 to Oct. 30, and Feb. 6 to Mar. 31).	3 (Apl. 1 to Oct. 1).
Maximum Government balances at the three Presidency Banks	₹ 3,31,13,000 (Jan.)	3,38,00,000(June)	3,60,28,000(Dec.)
Minimum ditto ditto	₹ 2,59,78,000 (Nov.)	2,93,82,000(Mar.)	3,06,74,000(Oct.)
Maximum price in Calcutta of Government 4 per cent Rupee Securities	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in Calcutta of Government $3\frac{1}{2}$ per cent Rupee Securities (Guaranteed)	97—12 (Oct. 24)	97—7 (Aug. 15)	99—9 (May 17)
Minimum ditto ditto	93—11 (July 28)	94—7 (May 11)	96—12 (Apl. 2 & 3)
Maximum price in Calcutta of 3 per cent Rupee Securities	89 (Apl. 5 & 6 and May 1 to 9).	87—0 (Apl. 1 to May 8).	87—8 (Mar. 30)
Minimum ditto ditto	85—12 (Feb. 4 to Mar. 25).	83—0 (Jan. 11 to Feb. 1 and Mar. 8 to Mar. 31).	82—12(Apl.1 & 2)
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	₹ 22,25,04,000(Sept.)	22,34,60,000(Apl.)	20,28,92,000(Apl.)
Minimum ditto ditto	₹ 20,84,80,000(Sept.)	20,23,95,000(Dec.)	18,63,35,000(Mar.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in London of $3\frac{1}{2}$ per cent (Rupee) Securities in Gold	65 (Nov.)	$64\frac{3}{4}$ (Feb.)	$66\frac{1}{8}$ (Feb.&Mar.)
Minimum ditto ditto	$62\frac{5}{16}$ (July)	63 (July)	$64\frac{1}{8}$(Apl.& June)
Maximum price in London of India $3\frac{1}{2}$ per cent Stock	$111\frac{1}{2}$ (Apl.)	$109\frac{5}{8}$ (Aug.)	$110\frac{5}{8}$ (June)
Minimum ditto ditto	105 (July)	$106\frac{1}{4}$ (July)	$105\frac{1}{4}$ (Mar.)
Maximum price in London of India 3 per cent Stock	$103\frac{5}{8}$ (Apl.)	102 (June)	$102\frac{1}{4}$ (June)
Minimum ditto ditto	95 (Aug.)	$97\frac{3}{16}$(Oct.)	$98\frac{1}{4}$ (Mar.)
Maximum price in London of India $2\frac{1}{2}$ per cent Stock	$90\frac{3}{8}$ (May)	87 (Apl.)	$90\frac{1}{8}$ (June)
Minimum ditto ditto	85 (Aug.)	$84\frac{1}{8}$ (Dec.)	$84\frac{1}{2}$ (Mar.)
Maximum Government Paper Currency outstanding	₹ 30,78,41,000(July)	31,85,96,000(Oct.)	35,72,36,000(Mar.)
Minimum ditto ditto	₹ 27,89,64,000(Apl.)	27,67,80,000(Feb.)	31,24,79,000(Apl.)
Number of Post Office Savings Banks	6,636	7,053	7,075
Number of accounts in Post Office Savings Banks	816,651	866,693	922,353
Amount deposited in Savings Banks	₹ 10,04,32,569	10,68,21,233	11,42,15,534
Average of each deposit	₹ 122·98	123·25	123·83
Net addition to deposits	₹ 39,68,103	63,88,664	73,94,301

* Excludes capital charge involved in redemption of
§ Include remittances of the Gold Reserve Fund.

DIX IV

FINANCIAL STATISTICS.

CELLANEOUS.

1903-1904.	1904-1905.	1905-1906.	1906-1907.	1907-1908.	1908-1909, Revised.	1909-1910, Budget.
£ 2,996,400	£ 3,456,066	£ 2,091,854	£ 1,589,340	£ 300,615	...	£ 230,900
...	...	...	...	...	£ 3,720,500	...
£ 5,043,003	£ 6,258,195	£ 9,966,393	£ 8,712,668	£ 11,412,767	£ 9,118 200	£ 8,594,100
...	...	£ 12,980,960	...	£ 2,144,800	£ 1,500,000	...
£ 2,146,825	£ 3,413,480	£ 16,752,546	£ 4,166,102	£ 10,725,963	£ 5,488,900	£ 4,182,400
£ 225,540	£ 4,488,109	£ 18,567,395	£ 2,144,709	£ 13,311,920	£ 10,385,300	£ 4,176,000
1,53,51,70,000	1,57,72,20,000	1,61,83,50,000	1,76,67,40,000	1,77,37,30,000	1,22,43,90,000(*b*)	
92,59,20,000	1,04,41,30,000	1,12,11,40,000	1,17,24,20,000	1,36,53,80,000	1,10,29,40,000(*b*)	
60,92,50,000	53,30,90,000	49,72,10,000	59,43,20,000	40,83,50,000	12,14,50,000(*b*)	
9,93,20,000	9,70,60,000	45,80,000	14,85,60,000	17,36,80,000	3,26,70,000(*b*)	
13,65,30,000	13,26,10,000	15,72,30,000	24,00,60,000	19,46,80,000	10,90,10,000(*b*)	
23,58,50,000	22,96,70,000	16,18,10,000	38,86,20,000	36,83,60,000	14,16,80,000(*b*)	
37,34,00,000	30,34,20,000	33,54,00,000	20,57,00,000	3,99,90,000	—2,02,30,000†(*b*)	
2,99,57,70,000	3,18,18,40,000	3,21,07,00,000	3,44,21,40,000	3,61,64,40,000	2,58,19,00,000(*b*)	
§35,67,94,845	§36,53,57,364	§46,62,43,256(*a*)	49,09,99,935	§24,30,65,151		
§23,859,303	§24,425,558	§31,166,973(*a*)	32,907,196	§16,232,061		
16,53,11,541	11,37,04,366	20,00,14,452	26,08,57,405	18,11,56,540		
28½ (Oct.)	28 9/16 (Dec.)	30 1/16 (Feb.)	33⅛ (Nov.)	32 1/16 (Aug.)	25½ (Apl.)	
22⅜ (Apl.)	24⅝ (Apl.)	25 7/16 (Apl.)	29⅝ (Apl. & June)	24 (Dec.)	22 (Dec.)	
Is. 4·049*d*.	Is. 4·045*d*.	Is. 4·042*d*.	Is. 4·083*d*.	Is. 4·029*d*.	Is. 3·965*d*.	Is. 4*d*.
Is. 4*d*.	Is. 4*d*.	Is. 4*d*.	Is. 4*d*.	Is. *d*.	Is. 4*d*.	Is. 4*d*.
7 (from Jan. 21 to Mar. 9).	8 (from Mar. 9 to 22).	9 (from Feb. 1 to Mar. 14).	9 (from Dec. 6 to Mar. 31).	9 (from Apl. 1 to 17 and Jan. 16 to Mar. 4.)	8 (from. Jan. 28 to March).	
3 (Aug. 27 to Dec. 9).	3 (June 23 to Oct. 5).	3 (July 20 to Aug. 16).	3 (from July 19 to Aug. 8).	3 (from July 25 to Sept. 11).	3 (from July 16 to Sep.2).	
4 (Apl. 1 to May 20 and Sept. 3 to Mar.).	4(Apl. 5 to 13)	4 (Sept. 28 to Mar.).	6 (Oct. 19 to Jan. 16).	7 (Nov. 7 to Dec. 31).	3 (Apl. 1 to May 27 & Jan. 14 to Mar.)	
3 (June 18 to Sept. 2).	2½ (from Mar. 9).	2½ (Apl. 1 to Sept. 7).	3½ (Apl. 5 to May 2, June 21 to Sept. 12).	3½ (Mar.)	2½ (May 27 to Jan 13).	
3,52,12,000 (Apl.)	3,84,32,000 (Sept.)	3,82,91,000 (May)	3,68,28,000 (Aug.)	4,10,83,000 (Mar.)	4,19,82,000 (July	
3,03,54,000 (Feb.)	3,00,53,000 (Jan.)	2,84,08,000 (Nov.)	2,95,11,000 (Oct.)	2,86,56,000 (Apl.)	3,04,47,000 (Jan.)	
...	...	...	...	...	...	
...	...	...	...	...	...	
99—7 (Apl. 27 & 28).	99—9 (Aug. 16 Mar. 2 & 3).	100—4 (Aug. 4)	99—11 (Apl.1 & 2).	98—6 (May 4 to 7)	96—15 (Apl. 7)	
94—10 (Jan. 9)	96—11 (Nov. 11)	97—8 (Jan. 9 & 10).	94—13 (Dec. 17 & 18).	95—8 (Jan. 14 and 15).	93—7 (Mar. 12)	
87—8 (Apl. 1)	87—4(from Mar. 3).	88—12 (Aug. 10 to 16).	87—2 (Apl. 1 to 19 & Apl. 24 to May 14).	82—8 (Apl. 1 to May 14).	81—0 (July 18 to Mar.).	
85—4 (Feb. 8 to Mar. 31).	85—4 (Apl. 5 to May 3).	87—0 (Dec. 21 and Mar. 19 to 22).	82—8 (Feb 20 to 26 & Mar. 28).	79—0 (Feb. 5 to Mar. 31).	79—0 (Apl. 1 to May 2).	
18,61,10,000(Apl.)	17,02,89,000(Apl.)	17,01,09,000(May)	16,92,17,000(Dec.)	16,44,30,000(Apl.)	15,29,69,000 (Apl.)	
17,05,01,000 (Jan.)	16,50,97,000(Feb.)	16,21,03,000(Dec.)	16,30,8,000 (July.)	15,23,22,000(Mar)	14,51,40,000(Feb.)	
...	...	...	...	...	...	
...	...	...	...	...	...	
66 1/16 (Sept.)	66⅝(Feb. & Mar.)	66 1/16 (Aug.)	66⅜ (Apl.)	65¾ (Apl. & May)	36 1/16 (Apl.)	
64 (Jan. & Feb.)	65 (July)	65⅝ (June)	64 7/16 (Dec.)	62¾ (Nov.)	62⅛ (Feb. & Mar.)	
108⅞ (July)	109 (Feb.)	107⅝ (Apl.)	106 (Apl.)	103 (Feb.)	102⅛ (June)	
102 (Jan.)	103 (Apl.)	103½ (Oct.)	99⅓ (Mar.)	96¾ (Aug.)	97¾ (Dec.)	
100¼ (May)	99⅝(Feb.)	98 11/16 (Apl.)	97¼ (Apl)	93 (Feb.)	92 5/16 (Apl.)	
93¾ (Mar.)	93⅛ (Aug.)	94⅞ (Oct.)	88½ (Mar.)	84½ (Sept.)	84⅝ (Jan.)	
85⅛ (Apl)	85¼ (Feb.)	84¼ (Apl.)	82 (Apl.)	79½ (Feb.)	78¾ (Apl.)	
78¾ (Mar.)	79¼ (Apl.)	79⅝ (Oct.)	75 (Mar.)	70½ (Aug.)	70 (Jan.)	
38,21,17,000(Mar.)	42,51,61,000 (July)	44,65,66,000(Mar)	47,30,20,000 (July)	52,74,34,000(Sept	48,09,87,000(July)	
33,94,09,000 (Apl.)	36,11,07,000(Apl.)	39,63,12,000(Dec.)	42,89,24,000 (May)	41,81,65,000(Jan.	42,07,01,000(Dec.)	
7,372	7,855	8,071	8,049	8,328)		
987,635	1,058,813	1,115,758	1,190,220	1,262,763		
12,33,36,717	13,40,70,130	13,99,26,260	14,76,69,789	15,18,14,343		
124·88	126·62	130·83	133·99	120·22		
91,21,183	1,07,33,414	58,56,130	77,43,529	41,44,554		

liabilities.

† Excess of Imports over Exports including Gold and Silver.

(*a*) Include remittance of the Currency Department.

(*b*) Figures for ten months of 1908-1909.

APPENDIX IV—*continued.*

Commercial and Financial Statistics.

Table II.—Statement showing the true financial results to the Revenues of India of the guarantee of interest upon the Capital of Guaranteed Railway Companies.

(Omitting 000 in rupee figures and 00 in sterling figures, except in accounts.)

	Accounts.					Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
	1903-1904.	1904-1905.	1905-1906.	1906-1907.	1907-1908.		
	Miles.	*Miles.*	*Miles.*	*Miles.*	*Miles.*	*Miles.*	*Miles.*
Open mileage at end of official year .	1,408	1,408	904	904	(*b*)905	...	...
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Gross traffic receipts . . .	2,99,01,287	3,23,13,144	2,81,37,181	1,52,03,434	1,17,53,343	...	...
Working expenses	1,57,79,341	1,61,90,936	1,43,07,550	92,21,417	83,24,119	11	...
Percentage of working expenses on receipts	52·77	50·11	50·85	60·65	70·82	...	...
Net Revenue .	1,41,21,946	1,61,22,208	1,38,29,631	59,82,017	34,29,224	—*11*	...
Guaranteed Interest paid in England £	1,032,772	*1,047,316	*1,052,955	584,751	576,576	...	...
Ditto converted at Rs. 15 = £1 from 1898-99	1,54,91,582	1,57,09,732	1,57,94,325	87,71,265	86,48,641	...	...
Guaranteed interest paid in India *plus* interest on overdrawn Capital .	2,28,672	2,77,131	40,318	...	56,878	...	...
Surplus paid to Railway Companies .	15,27,629	19,08,241	17,73,467	9,05,248	1,29,476	1,83	...
Land and Supervision . . .	3,359	(*a*) 1,12,648	1,19,911	—*2,79,713*	46,612	10	...
Net loss on receipts and disbursements of Capital in India at the contract rates of exchange instead of at the average yearly rates obtained for the Secretary of State's bills .	8,46,623	4,72,410	5,66,282	6,62,552	59,349	2	...
Total Expenditure .	1,80,97,865	1,84,80,162	1,82,94,303	1,00,59,352	89,40,956	1,95	...
Net Expenditure from the Public Treasury . . .	39,75,919	23,57,954	44,64,672	40,77,335	55,11,732	2,06	...

* The Accounts for 1904-1905 and for 1905-1906 include £2,173 and £14,335 respectively on account of "Interest on advances" to Guarantee Railway Companies (B., B. and C. I. Railway).

(*a*) Excludes the net credit under supervision, *vide* Account 54 A of the Finance and Revenue Accounts for 1904-1905.

(*b*) The Madras Railway was purchased by Government with effect from 1st January 1908 and ceased to be a Guaranteed Railway on that date.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on State Railways in 1907-1908, and Estimated Expenditure on such works in 1908-1909 and 1909-1910, and to end of 1909-1910.

Railways.	To end of 1906-1907.	Accounts, 1907-1908.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.	To end of 1909-1910.	Sanctioned Outlay.	Balance remaining unspent.	Remarks.
Open Lines.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
East Indian	39,63,90,417	1,95,20,571	2,10,06,000	2,05,17,000	45,74,33,988	45,74,33,988	...	
Rajputana-Malwa System	(a,c)16,71,01,010	40,33,455	43,38,000	40,00,000	17,94,72,465	17,94,72,465	...	
Palanpur-Deesa	2,39,155	...	...	...	2,39,155	2,39,155	...	
Bhopal	33,23,640	1,22,714	1,00,000	2,20,000	37,66,354	37,66,354	...	
Warora Colliery	12,81,260	*—1,71,228*	...	...	11,10,032	11,10,032	...	
Burma	7,69,12,324	...	...	...	7,69,12,324	7,69,12,324	...	
Burma Railway extensions	1,38,48,163	41,83,831	26,17,000	9,00,000	2,15,48,994	2,15,48,994	...	
Assam-Bengal (Construction)	7,65,19,054	2,80,153	32,98,000	34,58,000	8,35,55,207	8,35,55,207	...	
Ditto (Land)	42,31,700	*—13,518*	*—10,000*	52,000	42,60,182	42,60,182	...	
Jorhat	9,22,007	8,286	1,000	14,000	9,45,293	9,45,293	...	
Eastern Bengal	18,09,27,792	98,53,669	77,51,000	95,76,000	20,81,08,461	20,81,08,461	...	
Tirhoot and Extensions	6,84,59,464	37,69,754	16,88,000	15,66,000	7,54,83,218	7,54,83,218	...	
Oudh and Rohilkhand	22,16,77,883	61,42,147	45,55,000	60,01,000	23,83,76,030	23,83,76,030	...	
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...	
North-Western	(a,b,d)58,22,54,562	2,20,23,429	3,42,12,000	2,85,21,000	66,70,10,991	66,70,10,991	...	
Guntakal Mysore Frontier	59,24,999	10,237	...	...	59,35,236	59,35,236	..	
South Indian	10,96,80,593	20,04,597	29,39,000	48,52,000	11,94,76,190	11,94,76,190	...	
Tanjore District Board	29,77,922	*—5,592*	...	...	29,72,330	29,72,330	...	
Jodhpur-Hyderabad (British Section)	(b)40,23,972	3,22,742	*—82,000*	1,50,000	44,14,714	44,14,714	...	
Petroleum Operations	1,19,187	...	...	...	1,19,187	1,19,187	...	
Frontier Railway Reserve Material	43,97,476	746	...	...	43,98,222	43,98,222	...	
Great Indian Peninsula System	(e)14,28,64,604	1,71,18,552	1,76,49,000	1,40,12,000	19,16,44,156	19,16,44,156	...	
Agra-Delhi Chord	1,27,86,461	53,593	52,000	6,53,000	1,35,45,054	1,35,45,054	...	
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...	
Madras Railway—North-East Line	6,59,07,452	6,52,933	...	...	6,65,60,385	6,65,60,385	...	
Madras and Southern Mahratta Railway	...	7,73,71,725	2,34,16,000	...	10,07,87,725	10,07,87,725	...	
Bezwada Extension	11,81,781	1,355	3,000	44,000	12,30,136	12,30,136	...	
Nilgiri Railway	37,42,394	1,577	...	...	37,43,971	37,43,971	...	
Bombay, Baroda and Central India	20,34,61,025	39,68,641	51,29,000	77,00,000	22,02,58,666	22,02,58,666	...	
Tinnevelly Quilon—British Section	43,75,922	10,501	8,000	12,000	44,06,423	44,06,423	...	
Ditto Native State Section	1,18,15,874	*—5,668*	*—9,000*	13,000	1,18,14,206	1,18,14,206	...	
Ahmedabad Dholka (earthwork, etc.)	59,900	...	...	...	59,900	59,900	...	
Rohilkhand and Kumaon Railway (Kachhaghat bridge)	...	76,416	...	...	76,416	76,416	...	
Azikhal Mangalore	1,26,61,679	9,45,632	...	...	1,36,08,311	1,36,08,311	...	
Carried over	2,41,61,20,241	17,22,82,250	12,86,61,000	18,22,61,000	2,81,93,24,491	2,81,93,24,491		

(a) Rs. 1,796 outlay prior to March 1900 on the metre gauge line between Bhatinda and Ferozepore transferred from Rajputana-Malwa railway to N. W. railway.

(b) Rs. 80,149 outlay during 1901-1902 on Junction works at Hyderabad transferred from the Jodhpur-Bikaner Ry.

(c) Includes Rs. 2,586 on account of outlay on the Engine Turntable and the carriage examining pit at Bhatinda, written back from the outlay of Rs. 17,80,051 on the Bhatinda Ferozepore section transferred to N. W. railway books in 1904-1905.

(d) Includes Rs. 2,17,757 on account of survey outlay on Kalka-Simla Railway brought on to the construction account during 1906-1907 and excludes Rs. 2,580 written back to the Rajputana-Malwa Railway Books on account of outlay on the Engine Turntable and the carriage examining pit at Bhatinda included in Rs. 17,86,051 outlay on the Bhatinda-Ferozepore section brought on North-We-tern Railway bo ks in 1904-1905.

(e) Includes Rs. 9,72,005 on account of outlay on Berar railways brought on.

APPENDIX IV—*continued.*

RAILWAYS.	To end of 1906-1907.	Accounts, 1907-1908.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.	To end of 1909-1910.	Sanctioned Outlay.	Balance remaining unspent.
Brought forward	2,41,61,20,241	17,22,82,250	12,86,61,000	10,22,61,000	2,81,93,24,491	2,81,93,24,491	...
Bellary-Royadrug	7,78,709	2,008	1,000	...	22,96,520	22,96,520	...
Hospet-Kottur	14,18,672	96,131					
Tirupatur-Krishnagiri	10,81,856	1,815	...	...	10,83,671	10,83,671	...
Morappur-Dhurmapuri	8,43,314	—1,539	...	...	8,41,775	8,41,775	...
TOTAL OPEN LINES	2,42,02,42,792	17,23,80,665	12,86,62,000	10,22,61,000	2,82,35,46,457	2,82,35,46,457	...
LINES UNDER CONSTRUCTION.							
Lodhran-Khanewal	7,58,255	26,26,237	4,88,000	1,38,000	40,10,492	45,15,000	5,04,508
Coonoor-Ootacamund	15,60,492	8,90,693	6,75,000	6,57,000	37,83,185	28,52,880	—9,30,305
Shorkot Road Chichoki	3,52,871	13,65,969	10,99,000	15,05,000	43,22,840	81,34,076	38,11,236
Golakganj-Gauhati	83,34,479	14,00,129	14,42,000	7,10,000	1,18,86,608	1,32,00,000	13,13,392
Dhone-Kurnool	1,07,224	3,89,739	4,48,000	10,000	9,54,963	9,65,706	10,743
Balamau-Sitapur and Rosa-Sitapur	...	...	6,44,000	4,60,000	10,44,000	69,75,784	59,31,784
Lower Ganges Bridge Project	...	...	50,000	25,00,000	25,50,000	3,00,00,000	2,74,50,000
Itarsi-Nagpur	...	...	9,83,000	27,50,000	37,33,000	4,10,00,000	3,72,67,000
Carried over	1,11,13,321	66,72,767	58,29,000	86,70,000	3,22,85,088	10,76,43,446	7,53,58,358
TOTAL OPEN LINES, carried over	2,42,02,42,792	17,23,80,665	12,86,62,000	10,22,61,000	2,82,35,46,457	2,82,35,46,457	...

APPENDIX IV—*continued.*

RAILWAYS.	To end of 1906-1907.	Accounts, 1907-1908.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.	To end of 1909-1910.	Sanctioned Outlay.	Balance remaining unspent.
TOTAL OPEN LINES, brought forward .	2,42,02,42,792	17,23,80,665	12,86,62,000	10,22,61,000	2,82,35,46,457	2,82,35,46,457	...
Brought forward .	1,11,13,321	66,72,767	58,29,000	86,70,000	3,22,85,088	10,76,43,446	7,53,58,358
Baran Kotah	20,39,753	13,18,241	11,00,000	1,30,000	45,87,994	45,91,830	3,836
Nagda-Muttra	2,24,47,860	76,78,383	71,84,000	25,17,000	3,98,27,243	4,00,30,069	2,02,826
Katihar-Godagiri	68,46,715	23,73,964	15,00,000	3,48,000	1,10,68,679	1,21,71,748	11,03,069
Morapur-Dharampuri Extension	...	...	...	3,00,000	3,00,000	22,33,527	19,33,527
TOTAL LINES UNDER CONSTRUCTION .	4,24,47,649	1,80,43,355	1,56,13,000	1,19,65,000	8,80,69,004	16,66,70,620	7,86,01,616
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.							
Jullundur-Hoshiarpur	14,531	...	...	...	14,531	14,531	...
Ludhiana-Ferozepur	28,311	...	...	...	28,311	28,311	...
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450	3,02,450	...
Southern Mahratta (Depreciation on works, etc.) .	5,27,071	...	...	...	5,27,071	5,27,071	...
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	...
Bilaspur-Etawah	75,132	...	...	...	75,132	75,132	...
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035	2,45,035	...
Nagpur-Chhattisgarh Depreciation Account .	6,57,038	...	...	...	6,57,038	6,57,038	...
Umaria Colliery	1,82,672	...	...	...	1,82,672	1,82,672	...
Thal Parachinar Colliery and Kohat Thal Conversion	4,70,752	6,40,567	...	...	11,11,319	11,11,319	...
TOTAL LINES IN ABEYANCE, ETC. .	1,90,81,408	6,40,567	...	...	1,97,21,975	1,97,21,975	...
Stores	6,62,161	—2,85,800	...	...	3,76,361	3,76,361	...
GRAND TOTAL, carried over .	2,48,24,34,010	19,07,78,787	14,42,75,000	11,42,26,000	2,93,17,13,797	3,01,03,15,413	7,86,01,616

APPENDIX IV—*continued.*

RAILWAYS.	To end of 1906-1907.	Accounts, 1907-1908.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.	To end of 1909-1910.	Sanctioned Outlay.	Balance remaining unspent.
GRAND TOTAL, brought forward .	2,48,24,34,010	19,07,78,787	14,42,75,000	11,42,26,000	2,93,17,13,797	3,01,03,15,413	7,86,01,616
Distributed as under—							
CAPITAL EXPENDITURE ON PUBLIC WORKS (not charged to Revenue)—							
State Railways—Construction* . . .	1,54,07,33,010	15,85,05,678	12,17,73,000	11,39,12,000	1,93,49,23,688		
Redemption of Liabilities†	78,67,98,043	3,21,72,000	2,25,00,000	...	84,14,70,043		
FAMINE RELIEF AND INSURANCE—							
Protective Railways	7,65,04,283	98,415	1,000	3,00,000	7,69,03,698		
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine Insurance).	5,45,35,712	...	...	...	5,45,35,712		
CONSTRUCTION OF RAILWAYS (charged to Provincial or Local Revenues).	1,02,99,174	2,694	1,000	14,000	1,03,16,868		
OTHER EXPENDITURE charged against Revenue .	1,35,63,788	...	...	...	1,35,63,788		
TOTAL AS ABOVE .	2,48,24,34,010	19,07,78,787	14,42,75,000	11,42,26,000	2,93,17,13,797	3,01,03,15,413	7,86,01,616

* INCLUDES DEBENTURES RAISED BY COMPANIES—					
East Indian Railway	11,80,56,409	2,84,56,676	3,54,04,000	3,60,00,000	21,79,17,085
South Indian Railway	2,27,07,237	...	—95,000	...	2,26,12,237
Bombay, Baroda and Central India Railway .	...	...	1,43,91,000	...	1,43,91,000
Great Indian Peninsula Railway . . .	...	...	1,43,84,000	...	1,43,84,000
TOTAL .	14,07,63,646	2,84,56,676	6,40,84,000	3,60,00,000	26,93,04,322

	Rs.
† East Indian Railway	18,05,98,229
Eastern Bengal Railway	3,10,54,458
Oudh and Rohilkhand Railway	15,50,40,735
North Western Railway	7,36,74,320
South Indian Railway	7,03,88,355
Great Indian Peninsula Railway	8,88,35,250
Bombay, Baroda and Central India Railway	18,72,06,696
Madras Railway	3,21,72,000
TOTAL .	81,89,70,043
Madras and Southern Mahratta Railway	2,25,00,000
	84,14,70,043

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1907-1908, and estimated expenditure on such works in 1908-1909 and 1909-1910, and to the end of 1909-1910.

IRRIGATION WORKS. CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.	Actual outlay to end of 1906-1907.	Accounts, 1907-1908.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.	Total actual and estimated outlay to end of 1909-1910.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Burma.							
Mandalay Canal	50,12,688	4,699	64,000	1,28,000	52,09,387	...	...
Shwebo Canal	45,20,384	3,03,454	3,55,000	3,34,000	55,12,838	53,70,532	...
Mon Canals	16,62,382	7,80,475	8,52,000	8,55,000	41,49,857	42,63,836	1,13,979
Ye-u Canal	6,03,641	5,419	28,000	1,03,000	7,40,060	34,05,297	26,65,237
Bengal.							
Orissa Canals	2,60,36,889	33,411	54,000	91,000	2,62,15,300	...	...
Midnapur Canal	83,05,282	638	3,000	...	83,08,920	...	...
Hijili Tidal Canal	25,51,641	...	...	...	25,51,641	...	...
Sone Canal	2,58,14,382	—2,080	2,000	6,000	2,58,20,302	...	...
United Provinces.							
Ganges Canal	3,07,78,349	1,33,137	1,00,000	3,01,000	3,13,12,486	...	...
Lower Ganges Canal	3,46,49,372	2,10,263	1,40,000	2,15,000	3,52,14,635	...	...
Ditto, Fatehpur Branch	33,18,757	39,686	33,000	39,000	34,30,443	...	...
Agra Canal	1,02,64,147	2,75,778	1,80,000	1,42,000	1,08,61,925	...	...
Eastern Jumna Canal	45,95,599	41,415	52,000	60,000	47,49,014	...	...
Dun Canal*	10,40,873	43,642	44,000	83,000	12,11,515	...	...
Bijnor Canal*	2,48,476	1,734	1,000	1,000	2,52,210	...	...
Punjab.							
Western Jumna Canal	1,65,34,891	17,233	21,000	40,000	1,66,13,124	...	...
Upper Bari Doab Canal	1,93,49,555	5,49,597	1,62,000	2,50,000	2,03,11,152	...	...
Sirhind Canal (State outlay)	2,37,21,543	71,902	2,000	50,000	2,38,45,445	...	..
Lower Chenab Canal	2,75,40,875	—46,156	1,28,000	50,000	2,76,72,719	...	...
Lower Jhelum Canal	1,51,05,649	4,05,984	1,56,000	4,50,000	1,61,17,633	1,83,95,782	22,78,149
Indus Inundation Canals	20,00,052	2,38,787	42,000	2,50,000	25,30,839	...	...
Upper Jhelum Canal	39,88,548	27,79,542	37,00,000	35,00,000	1,39,68,090	2,90,70,397	1,51,02,307
Upper Chenab Canal	56,91,793	40,45,377	48,18,000	34,00,000	1,79,55,170	2,89,29,792	1,09,74,622
Lower-Bari Doab Canal	1,03,653	6,00,403	13,20,000	20,00,000	40,24,056	1,78,11,841	1,37,87,785
North-West Frontier Province.							
Paharpur Inundation Canal	5,08,744	1,71,099	2,08,000	80,000	9,67,843	7,07,703	...
Upper Swat River Canal	89,076	3,98,255	11,00,000	12,20,000	28,07,331	1,77,64,752	1,49,57,421
Lower Ditto	40,62,686	11,733	19,000	50,000	41,43,419	...	...
Kabul River Canal*	9,77,683	39,146	3,000	50,000	10,69,829	...	...
Madras.							
Godavari Delta System	1,21,27,937	16,416	27,000	27,000	1,21,98,353	...	...
Kistna Delta System	1,44,44,364	1,12,408	2,30,000	2,10,000	1,49,96,772	...	...
Pennér River Canals System	55,07,253	35,629	28,000	28,000	55,98,882	...	...
Periyar Project	96,30,338	1,37,643	1,07,000	1,01,000	99,75,981	...	...
Cauvery Delta system	34,00,763	70,116	1,00,000	1,00,000	36,70,879	...	...
Nagavalli River Project	4,83,982	3,90,149	2,30,000	2,10,000	13,14,131	10,26,606	...
Divi Island Project	11,41,480	3,65,376	1,60,000	1,60,000	18,26,856	18,06,000	...
Lower Coleroon Anicut*	14,89,605	57,640	89,000	89,000	17,25,245	...	...
Shatiatope Anicut*	4,07,014	86,248	1,75,000	1,75,000	8,43,262	...	...
Bombay.							
Desert Canal	26,21,908	326	...	...	26,22,234	...	...
Begari Canal	17,25,221	2,03,360	1,01,000	85,000	21,14,581	...	...
Eastern Nara Works	64,43,521	40,969	33,000	25,000	65,42,490	...	...
Jamrao Canal	79,02,036	—20,797	48,000	84,000	80,13,239	...	...
Mutha Canals	69,30,757	14,870	1,47,000	93,000	71,85,627	...	...
Other projects	3,79,79,497	1,74,278	1,88,000	82,000	3,84,23,775	...	...
	39,13,13,286	1,28,39,204	1,52,50,000	1,52,17,000	43,46,19,490	...	...
Deduct—Outlay incurred from Ordinary Revenues	5,88,86,388	1,53,382	2,50,000	2,17,000	5,95,06,770	...	...
Carried over	† 33,24,26,898	1,26,85,822	1,50,00,000	1,50,00,000	37,51,12,720	...	...

* Transferrred to "49" from 1st April 1907.

† Inclusive of Rs. 8,964 on account of the Lower Swat River Canal.

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1907-1908, and estimated expenditure on such works in 1908-1909 and 1909-1910, and to the end of 1909-1910.

	Actual outlay to end of 1906-1907.	Accounts, 1907-1908.	Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.	Total actual and estimated outlay to end of 1909-1910.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	33,24,26,898	1,26,85,822	1,50,00,000	1,50,00,000	37,51,12,720	...	...
PROTECTIVE IRRIGATION WORKS.							
Central Provinces.							
Tank Projects	24,69,572	10,48,674	13,72,000	13,56,000	62,46,246	...	...
Bengal.							
Tribeni Canal	22,34,041	8,70,333	5,95,000	6,89,000	43,88,374	50,20,251	6,31,877
United Provinces.							
Betwa Canal (including Dukwa weir)	58,20,926	8,57,689	6,34,000	2,89,000	76,01,615	...	...
Ken Canal	31,06,698	5,30,058	2,10,000	3,11,000	41,57,756	36,74,729	...
Dassan Canal	8,57,602	10,12,363	10,29,000	8,20,000	37,18,965	38,79,619	1,60,654
Madras.							
Rushikulya Project	46,48,542	11,417	—22,000	...	46,37,959	...	...
Mopad Project	5,12,196	14,162	...	1,36,000	6,62,358	11,36,000	4,73,642
Bombay.							
Godaveri Canal	68,091	7,72,775	11,89,000	14,00,000	34,29.866	87,73,347	53,43,481
Chankapur Tank	8,56,619	3,38,420	1,58,000	2,77,000	16,30,039	13,11,518	...
Nira Canal (including Shetphal tank)	60,59,845	5,796	4,000	6,000	60,75,641	...	...
Budhihal Tank	4,88,434	231	...	...	4,88,665	13,98,529	9,09,864
Pravara River Works	...	2,981	92,000	5,00,000	5,94,981	81,36,368	75,41,387
Other projects	31,63,656	31,101	1,81,000	7,49 000	41,24,757	...	...
	3,02,86,222*	54,96,000	54,42,000	65,33,000	4,77,57,222	...	...
Deduct—Outlay incurred from Ordinary Revenues	30,81,744	...	...	...	30,81,744	...	...
TOTAL	2,72,04,478	54,96,000	54,42,000	65,33,000	4,46,75,478	..	...
GRAND TOTAL	35,96,31,376	1,81,81,822	2,04,42,000	2,15,33,000	41,97,88,198	...	...

* Exclusive of Rs. 8,964 on account of the Lower Swat River Canal, transferred to "49" from 1st April 1906.

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1907-1908, with Revised Estimates for 1908-1909 and Budget Estimates for 1909-1910.

(Omitting ooo, except in accounts.)

	Accounts.					Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
	1903-1904.	1904-1905.	1905-1906.	1906-1907.	1907-1908.		
	M.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	1,349	1,408	1,408	904	905	...	...
Gross Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Madras	1,27,77,060	1,34,30,576	1,39,56,526	1,46,73,214	1,14,90,803	...	...
Ditto Extensions	3,17,370	3,75,918	3,62,742	3,22,004	2,63,597	...	...
Bombay, Baroda and Central India	1,68,06,857	1,85,06,650	1,38,17,913	2,08,216	—1,057	...	...
TOTAL	2,99,01,287	3,23,13,144	2,81,37,181	1,52,03,434	1,17,53,343	...	...
Working Expenses.							
Madras	69,95,955	76,05,016	77,38,956	90,22,859	81,49,333	11	...
Ditto Extensions	1,48,793	2,02,666	1,96,999	1,97,465	1,84,629	...	...
Bombay, Baroda and Central India	86,34,593	83,83,254	63,71,595	1,093	—9,843	...	...
TOTAL	1,57,79,341	1,61,90,936	1,43,07,550	92,21,417	83,24,119	11	...
Net Traffic Receipts.							
Madras	57,81,105	58,25,560	62,17,570	56,50,355	33,41,470	—11	...
Ditto Extensions	1,68,577	1,73,252	1,65,743	1,24,539	78,968	...	...
Bombay, Baroda and Central India	81,72,264	1,01,23,396	74,46,318	2,07,123	8,786	...	...
TOTAL	1,41,21,946	1,61,22,208	1,38,29,631	59,82,017	34,29,224	—11	...

APPENDIX IV—*continued.*

	Accounts.					Revised Estimate, 1908-1909	Budget Estimate, 1909-1910.
	1903-1904.	1904-1905.	1905-1906.	1906-1907.	1907-1908.		
STATE RAILWAYS.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
(*a*)							
Open mileage at beginning of year	20,119	20,744	20,330	21,544	22,134	23,643	24,180
Gross Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian { England	3,450	3,450	3,450	3,450	3,450	3	3
East Indian { India	7,08,45,143	7,61,21,110	7,71,30,117	7,98,54,849	8,18,29,919	8,18,00	8,35,00
Rajputana-Malwa System	2,19,35,587	2,54,29,995	2,81,13,465	2,78,60,181	2,80,79,762	2,42,00	2,80,00
Bhopal	3,77,177	3,95,734	3,25,637	3,60,294	4,83,588	4,30	5,10
Palanpur-Deesa	28,155	31,619	37,498	38,817	44,437	47	48
Warora Colliery	5,52,948	5,51,760	5,67,646	—6,888	...	...	...
Bengal-Nagpur	1,65,95,948	1,98,35,177	2,54,70,343	2,73,88,250	2,83,80,929	2,75,00	3,15,00
Burma Railways	1,41,06,869	1,51,48,710	1,58,36,907	1,58,71,602	1,74,88,747	1,76,00	1,85,00
Burma Railway Extensions	...	...	...	...	4,19,845	9,50	10,00
Assam-Bengal	25,87,822	29,88,285	35,20,101	45,73,987	47,94,957	47,50	50,00
Jorhat	89,205	75,720	85,825	86,196	98,874	94	1,00
Eastern Bengal	1,87,14,401	1,92,64,510	2,14,98,671	2,53,83,103	2,66,04,408	2,78,00	3,00,00
Bengal and North-Western, and Tirhoot	1,21,67,584	1,28,88,240	62,01,343	67,51,698	77,40,075	83,00	84,00
Bengal Central	15,05,612	15,68,378	3,54,039	...	...	...	...
Brahmaputra-Sultanpur Branch	2,69,758	1,721	...	...	...	...	...
Oudh and Rohilkhand	1,40,12,128	1,54,69,228	1,61,80,743	1,64,55,956	1,81,44,868	1,55,00	1,78,00
Indian Midland { England	...	...	...	...	...	32	...
Indian Midland { India	77,85,868	83,35,493	83,78,109	1,07,13,307	1,08,68,286	93,00	1,00,00
Lucknow-Bareilly	14,29,244	14,93,378	16,10,514	16,18,784	16,38,082	16,60	17,00
Hardwar-Dehra	2,65,261	2,69,354	3,19,239	3,45,574	3,90,329	3,70	3,80
North-Western	5,20,87,345	6,33,47,929	5,73,11,526	6,36,09,390	6,86,60,087	5,50,00	7,00,00
South Indian	1,21,89,359	1,27,61,620	1,29,85,262	1,34,00,303	1,56,11,631	2,03,00	2,05,00
Mysore State lines	15,66,130	15,82,491	18,61,906	18,57,765	22,82,304	33,00	32,00
Dhone Kurnool	...	...	...	...	...	12	45
Nilgiri	2,74,905	2,90,129	3,15,491	3,20,242	3,34,093	...	...
Agra Delhi Chord	...	18,070	8,04,655	16,46,320	16,15,900	15,20	16,50
Bezwáda Extension	3,07,113	3,20,656	3,47,490	3,49,206	3,15,375	3,40	3,70
North East Line, Madras Railway (East Coast, Southern Section)	46,03,446	55,91,475	65,44,160	59,67,405	...	...	...
Guntakal-Mysore Frontier	5,17,267	8,18,265	8,12,109	9,02,442	...	...	...
Tinnevelly-Quilon	2,03,472	3,59,584	4,92,058	4,98,585	6,17,960	6,70	6,70
Mayavaram-Mutupet	4,10,936	5,47,235	5,99,483	6,03,305	6,48,905	...	...
Southern Mahratta	67,81,358	74,09,721	80,28,947	81,10,661	...	...	...
Jodhpur-Hyderabad (British Section)	5,83,491	5,90,818	8,35,698	9,41,261	8,36,348	7,00	8,50
Great Indian Peninsula	4,58,51,887	4,99,95,200	5,29,22,539	5,07,52,595	5,13,53,025	4,85,00	5,25,00
Bombay, Baroda and Central India	...	...	47,31,394	2,00,76,882	2,11,21,236	2,07,00	2,20,00
Hospet Kottur	...	...	43,427	47,628	...	...	...
Bezwada Masulipatam	...	...	...	...	47,640	..	...
Bellary Rayadrug	...	...	24,009	39,647	...	...	...
Tirruppattur-Krishnagiri	...	...	22,950	48,113	43,173	...	...
Morappur-Dharmapuri	...	...	5,767	34,404	30,153	...	...
Kalka-Simla	...	...	1,20,649	7,57,785	8,11,867	...	...
Azikhal-Mangalore	...	...	...	56,378	1,41,890	...	...
Nagda-Muttra	...	...	...	...	1,45,180	3,00	14,50
Madras and Southern Mahratta Railway	...	...	...	...	1,85,23,385	2,82,00	2,80,00
Baran Kotah	...	...	...	...	...	4	60
In England	3,450	3,450	3,450	3,450	3,450	35	3
„ India	30,86,45,419	34,35,01,605	35,44,39,717	38,73,16,027	41,01,47,258	39,98,47	43,77,33
TOTAL	30,86,48,869	34,35,05,055	35,44,43,167	38,73,19,477	41,01,50,708	39,98,82	43,77,36

(*a*) Includes the length of the Bengal and North-Western Railway prior to the year 1905-1906.

APPENDIX IV—*continued.*

	Accounts.					Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
	1903-1904.	1904-1905.	1905-1906.	1906-1907.	1907-1908.		
Working Expenses.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian	2,62,26,989	2,81,18,126	2,70,22,684	3,13,27,086	3,37,69,955	3,75,00	3,45,50
Rajputana-Malwa System	1,11,21,644	1,16,67,461	1,24,80,664	1,33,31,287	1,49,37,369	1,50,00	1,48,50
Bhopal	1,85,736	1,97,668	1,58,332	1,81,533	2,56,517	2,70	3,10
Palanpur-Deesa	21,987	19,662	14,052	20,325	20,097	27	28
Warora Colliery	3,82,076	3,75,159	3,57,688	57,231	...	...	...
Bengal-Nagpur	86,21,206	97,10,297	1,14,17,032	1,29,89,459	1,45,62,960	1,57,40	1,58,50
Burma Railway	89,17,418	93,93,401	96,68,947	1,00,28,892	1,06,50,234	1,08,00	1,12,00
Burma Railway Extensions	...	...	...	...	1,75,579	5,30	6,00
Assam-Bengal	20,81,249	30,46,275	32,73,619	39,82,185	43,23,165	47,00	46,00
Jorhat	80,280	81,672	73,246	89,102	90,157	83	99
Eastern Bengal	99,98,494	99,05,097	1,19,53,967	1,43,98,746	1,75,61,827	1,85,35	1,78,50
Bengal and North-Western, and Tirhoot	87,88,628	1,01,27,727	25,79,047	27,35,890	31,97,268	36,00	35,00
Bengal Central	11,25,074	10,75,964	3,46,036	...	...	...	...
Brahmaputra-Sultanpur Branch	1,47,254	8,510	...	...	...	...	...
Oudh and Rohilkhand	70,31,234	81,74,262	90,12,591	95,62,330	1,24,02,628	1,19,00	1,01,50
Indian Midland	39,04,440	41,09,663	40,72,743	51,97,946	64,82,492	57,00	58,50
Lucknow-Bareilly	7,24,648	8,32,539	6,85,474	7,89,911	8,08,758	7,70	8,10
Hardwar-Dehra	1,55,680	1,57,191	1,59,619	1,72,787	1,95,164	1,85	1,90
North Western	2,64,98,970	2,91,09,608	3,04,35,792	3,34,90,646	3,77,39,277	4,65,00	4,10,00
South Indian	60,53,945	66,99,779	65,44,483	69,14,141	75,02,146	1,16,00	1,18,00
Mysore State lines	11,03,305	11,57,652	11,17,411	11,19,760	13,78,810	20,00	20,50
Dhone Kurnool	...	...	...	...	...	8	30
Nilgiri	2,00,918	2,23,967	2,66,520	2,84,137	2,82,952	...	...
Agra Delhi Chord	...	8,079	3,85,030	8,30,957	8,70,411	9,50	10,20
Bezwáda Extension	1,52,891	1,41,701	1,43,251	1,57,468	1,31,493	1,50	2,00
North East Line, Madras Railway (East Coast, Southern Section)	29,71,686	38,03,792	38,46,491	37,45,786	...	...	...
Guntakal-Mysore Frontier	3,05,337	5,12,162	4,73,857	5,25,198	...	...	...
Tinnevelly-Quilon	89,900	1,96,312	2,45,343	2,55,736	3,00,932	3,80	3,90
Mayavaram-Mutupet	2,05,581	2,91,361	3,37,457	3,42,249	3,55,157	...	...
Southern Mahratta	48,09,622	52,29,796	49,26,716	47,13,799	...	...	...
Jodhpur-Hyderabad (British Section)	3,21,112	2,95,152	3,81,481	4,41,882	4,75,202	3,70	5,00
Great Indian Peninsula	2,34,45,061	2,47,61,525	2,50,58,635	2,53,05,913	2,91,29,505	2,92,25	3,06,50
Bombay, Baroda and Central India	...	...	19,20,153	95,24,142	98,14,996	1,02,75	98,50
Hospet-Kottur	...	...	46,144	47,994	...	...	...
Bezwada-Masulipatam	...	...	...	...	21,438	...	...
Bellary-Rayadrug	...	...	27,133	34,016	...	...	...
Tirruppatur-Krishnagiri	...	...	25,329	48,101	36,932	...	...
Morappur-Dharmapuri	...	...	6,619	34,851	26,966	...	...
Kalka-Simla	...	...	52,877	4,74,351	4,50,581	...	...
Azikhal-Mangalore	...	...	...	25,578	87,005	...	...
Nagda-Muttra	...	...	...	...	1,05,729	3,50	12,50
Madras and Southern Mahratta Railway	...	...	...	...	1,19,61,808	1,84,00	1,70,00
Baran Kotah	...	...	...	...	...	2	40
TOTAL	15,56,72,365	16,94,31,560	16,95,16,463	19,31,81,415	22,01,05,510	24,55,50	23,62,17

APPENDIX IV—*concluded.*

	Accounts.					Revised Estimate, 1908-1909.	Budget Estimate, 1909-1910.
	1903-1904.	1904-1905.	1905-1906.	1906-1907.	1907-1908.		
Net Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian	4,46,21,604	4,80,06,434	5,01,10,883	4,85,31,213	4,80,63,414	4,43,03	4,89,53
Rajputana-Malwa System	1,08,13,943	1,37,62,534	1,56,32,801	1,45,28,894	1,31,42,393	92,00	1,31,50
Bhopal	1,91,441	1,98,066	1,67,305	1,78,761	2,27,071	1,60	,200
Palanpur-Deesa	6,168	11,957	23,446	18,492	24,340	20	20
Warora Colliery	1,70,872	1,76,601	2,09,958	—64,119	...	...	...
Bengal-Nagpur	79,74,742	1,01,24,880	1,40,53,311	1,43,98,791	1,38,17,969	1,17,60	1,56,50
Burma Railways	51,89,451	57,55,309	61,67,960	58,42,710	68,38,513	68,00	73,00
Burma Railway Extensions	...	...	...	...	2,44,266	4,20	4,00
Assam-Bengal	5,06,573	—57,990	2,46,482	5,91,802	4,71,792	50	4,00
Jorhat	8,925	—5,952	12,579	—2,906	8,717	11	1
Eastern Bengal	87,15,907	93,59,413	95,44,704	1,09,84,357	90,42,581	92,65	1,21,50
Bengal and North-Western, and Tirhoot	33,78,956	27,60,513	36,22,296	40,15,808	45,42,807	47,00	49,00
Bengal Central	3,80,538	4,92,414	8,003	...	...	...	...
Brahmaputra-Sultanpur Branch	1,22,504	—6,789	...	...	...	...	...
Oudh and Rohilkhand	69,80,894	72,94,966	71,68,152	68,93,626	57,42,240	36,00	76,50
Indian Midland	38,81,428	42,25,830	43,05,366	55,15,361	43,85,794	36,32	41,50
Lucknow-Bareilly	7,04,596	6,60,839	9,25,040	8,28,873	8,29,324	8,90	8,90
Hardwar-Dehra	1,09,581	1,12,163	1,59,620	1,72,787	1,95,165	1,85	1,90
North Western	2,55,88,375	3,42,38,321	2,68,75,734	3,01,18,744	3,09,20,810	85,00	2,90,00
South Indian	61,35,414	60,61,841	64,40,779	64,86,162	81,09,485	87,00	87,00
Mysore State lines	4,62,825	4,24,839	7,44,495	7,38,005	9,03,494	13,00	11,50
Dhone Kurnool	...	...	...	...	...	4	15
Nilgiri	73,987	66,162	48,971	36,105	51,141	...	...
Agra Delhi Chord	...	9,991	4,19,625	8,15,363	7,45,489	5,70	6,30
Bezwáda Extension	1,54,222	1,78,955	2,04,239	1,91,738	1,83,882	1,90	1,70
North East line, Madras Railway (East Coast, Southern Section)	16,31,760	17,87,683	26,97,669	22,21,619	...	...	...
Guntakal-Mysore Frontier	2,11,930	3,06,103	3,38,252	3,77,244	...	...	...
Tinnevelly-Quilon	1,13,572	1,63,272	2,46,715	2,42,849	3,17,028	2,90	2,80
Mayavaram-Mutupet	2,05,355	2,55,874	2,62,026	2,61,056	2,93,748	...	...
Southern Mahratta	19,71,736	21,79,925	31,02,231	33,96,862	...	...	...
Jodhpur-Hyderabad (British Section)	2,62,379	2,95,666	4,54,217	4,99,379	3,61,146	3,30	3,50
Great Indian Peninsula	2,24,06,826	2,52,33,675	2,78,63,904	2,54,46,682	2,22,23,520	1,92,75	2,18,50
Bombay, Baroda and Central India	...	...	28,11,241	1,05,52,740	1,13,06,240	1,04,25	1,21,50
Hospet-Kottur	...	...	—2,717	—366	...	...	...
Bezwada Masulipatam	...	...	...	...	26,202	...	...
Bellary-Rayedrug	...	...	—3,124	5,631	...	...	...
Tirrupattur-Krishnagiri	...	...	—2,379	12	6,241	...	...
Morappur-Dharmapuri	...	...	—852	—447	3,187	...	...
Kalka-Simla	...	...	67,772	2,83,434	3,61,286	...	...
Azikhal-Mangalore	...	...	...	30,800	54,885	...	...
Nagda-Muttra	...	...	...	...	39,451	—50	2,00
Madras and Southern Mahratta Railway	...	...	...	...	65,61,577	98,00	1,10,00
Baran Kotah	...	...	...	...	...	2	20
TOTAL	15,29,76,504	17,40,73,495	18,49,26,704	19,41,38,062	19,00,45,198	15,43,32	20,15,19

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works for five years ending 1907-08, with Revised Estimates for 1908-09, and Budget Estimates for 1909-10.

	Actuals.					Revised Estimate, 1908-09.	Budget Estimate, 1909-10.
	1903-04.	1904-05.	1905-06.	1906-07.	1907-08.		
DIRECT RECEIPTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Mandalay canal	79,048	70,695	2,03,313	2,59,342	3,91,658	2,91,000	2,91,000
Shwebo canal	...		...	99,464	2,68,091	4,36,000	5,26,000
Orissa canals	4,29,897	3,88,900	4,61,355	5,01,729	4,87,689	5,28,000	5,10,000
Midnapur canal	2,20,343	2,06,215	2,10,623	1,56,521	1,53,330	1,68,000	1,70,000
Hijili Tidal canal	42,334	45,242	70,448	71,515	58,703	52,000	62,000
Sone canals	13,28,315	14,05,810	13,96,628	15,64,819	16,63,360	18,30,000	16,75,000
Ganges canal	32,95,743	34,46,755	30,14,166	45,41,080	40,27,680	40,99,000	36,67,000
Lower Ganges canal	23,40,320	24,98,852	21,49,299	28,92,380	28,24,929	25,31,000	23,54,000
Ditto, Fatehpur Branch	2,46,399	2,82,584	1,62,015	2,68,441	3,01,590	3,75,000	3,30,000
Agra canal	8,37,371	8,91,284	5,20,088	11,19,818	8,28,606	8,84,000	8,79,000
Eastern Jumna canal	11,92,809	13,02,309	10,69,416	16,15,213	15,27,883	13,74,000	13,34,000
† Dun canal	...	...	...	...	98,696	1,07,000	1,02,000
† Bijnor canal	...	...	...	...	18,760	24,000	28,000
Betwa canal	1,42,688	1,72,992	1,94,969	2,63,612	2,11,431	1,25,000	2,67,000
Western Jumna canal	24,09,698	27,34,556	27,58,415	31,38,384	30,70,580	17,25,000	19,00,000
Lower Chenab canal	72,17,299	73,38,371	65,97,316	76,84,112	60,71,272	66,25,000	68,00,000
Upper Bari Doab canal	33,03,413	33,35,459	31,84,267	35,69,867	33,86,702	35,20,000	34,50,000
Sirhind canal	27,41,580	26,05,001	27,06,842	32,20,358	31,05,728	29,97,000	24,00,000
Lower Jhelum canal	2,83,611	4,73,231	7,78,837	13,56,607	13,62,674	19,06,000	21,00,000
Indus Inundation canals	1,36,764	1,07,344	1,62,950	1,62,445	1,20,276	1,04,000	1,00,000
Lower Swat River canal	5,10,505	4,82,779	4,39,630	5,12,330	5,32,841	5,46,000	5,55,000
Kabul River canal	...	...	...	...	1,25,644	1,67,000	1,50,000
Godavari Delta System	1,07,943	1,11,389	1,12,357	1,08,822	1,17,722	1,59,000	1,59,000
Kistna „ „	86,005	70,184	70,866	83,765	81,657	77,000	77,000
Pennér River canals „	1,602	1,890	2,586	2,525	2,727	2,000	2,000
Periyar Project	3,017	2,547	3,926	2,179	3,375	3,000	3,000
Cauvery Delta System	3,148	1,432	1,325	1,995	3,373	2,000	2,000
Rushikulya Project	1,958	751	785	1,036	2 457	1,000	1,000
Lower Coleroon anicut system	...	...	...	...	2,591	2,000	2,000
Shatiatope anicut „	...	...	...	...	866	1,000	1,000
Desert canal	49,591	1,52,059	1,07,205	1,11,170	75,284	1,07,000	92,000
Begari „	18,496	67,498	42,861	40,217	41,325	39,000	42,000
Eastern Nara Works	26,025	36,094	45,229	37,473	49,406	58,000	46,000
Mutha canals	3,27,935	2,70,328	3,70,380	3,28,532	3,43,020	3,51,000	3,57,000
Nira canal	2,54,754	1,23,191	1,66,203	2,27,150	4,60,671	3,06,000	3,14,000
Jamrao canal	1,70,160	1,46,572	1,25,359	16,940	16,488	16,000	15,000
Other projects	9,91,678	10,63,157	9,07,673	11,73,575	12,81,125	10,43,000	12,21,000
TOTAL	2,88,00,449	2,99,14,971	2,80,37,332	3,51,33,476	3,31,20,215	3,25,84,000	3,19,84,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal	13,748	19,216	16,944	30,596	5,505	36,000	46,000
Shwebo canal	...	...	...	14,595	24,076	25,000	25,000
Ganges canal	8,93,659	9,05,865	9,10,288	9,19,139	9,22,411	9,22,000	9,22,000
Lower Ganges canal	2,65,747	3,04,245	3,73,152	3,88,669	4,16,669	4,17,000	4,17,000
Ditto Fatehpur Branch	...	...	...	...	388	...	...
Eastern Jumna „	2,53,952	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
† Dun canal	...	...	...	...	24,980	25,000	25,000
† Bijnor canal	...	...	...	...	14,984	15,000	15,000
Carried over	14,27,106	14,83,278	15,54,336	16,06,951	16,62,965	16,94,000	17,04,000

Excluding Civil Officers' figures as under :—

	Revised. Rs.	Budget Rs.
United Provinces	1,85,000	2,00,000
Punjab	12,32,000	16,70,000
Total	14,17,000	18,70,000

† Transferred to 49 from 1st April 1907.

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1907-08, with Revised Estimates for 1908-09, and Budget Estimates for 1909-10—*continued.*

	Actuals.					Revised Estimate, 1908-09.	Budget Estimate 1909-1910.
	1903-04.	1904-05.	1905-06.	1906-07.	1907-08.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	14,27,106	14,83,278	15,54,336	16,06,951	16,62,965	16,94,000	17,04,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—*contd.*							
Lower Chenab canal	11,38,808	13,63,773	11,28,751	10,95,882	10,51,332	11,12,000	11 50,000
Upper Bari Doab canal	2,49,263	2,61,668	2,99,249	3,00,639	3,13,004	2,50,000	2,50,000
Lower Jhelum „	*—60,465*	12,724	81,613	2,69,721	3,19,280	4,60,000	2,00,090
Indus Inundation canals	2,69,918	2,71,538	2,73,536	2,74,872	3,16,389	2,38,000	2,50,000
Lower Swat River canal	55,240	51,248	48,672	50,420	50,393	50,000	50,000
† Kabul River canal	...	...	...	...	2,175	3,000	2,000
Godavari Delta System	29,15,810	32,74,398	34,27,101	33,02,168	34,23,425	34,05,000	34,05,000
Kistna „ „	25,13,947	29,23,231	29,64,950	30,24,604	31,27,650	31,47,000	31,83,000
Pennér River canals „	3,77,049	85,518	4,24,710	5,06,271	5,30,680	5,26,000	5,31,000
Periyar Project	4,51,757	4,73,813	4,85,029	4,93,493	5,19,689	5,18,000	5,25,000
Cauvery Delta System	9,14,310	9,20,194	9,29,106	9,15,939	9,32,393	9,46,000	9,53,000
Rushikulya Project	90,318	97,589	1,05,745	1,04,874	1,04,557	1,28,000	1,35,000
† Lower Coleroon anicut system	...	...	...		2,77,144	2,77,000	2,77,000
† Shatiatope anicut „	...	...	...	...	1,04,152	1,10,000	1,10,000
Desert canal	1,59,159	1,64,772	2,67,663	2,56,319	1,32,387	2,62,000	2,62,000
Begari „	3,72,424	3,15,487	4,41,417	4,69,903	5,27,973	5,15,000	5,18,000
Eastern Nara Works	5,00,159	5,08,482	6,31,933	6,82,701	4,62,019	5,49,000	7,56,000
Mutha canal	*—10,113*	*—6,459*	*—11,391*	*—7,562*	*—9,208*	40,000	40,000
Nira canal	*—12,615*	*—6,036*	*—8,104*	*—11,148*	*—22,407*	...	...
Jamrao canal	4,79,936	5,08,190	7,80,961	6,52,546	6,24,200	8,09,000	7,17,000
Other projects	7,25,079	6,95,335	7,06,410	11,16,097	11,57,797	12,66,000	11,61,000
TOTAL	1,25,57,000	1,33,98,743	1,45,31,687	1,51,04,710	1,56,07,989	1,63,05,000	1,61,79,000
TOTAL REVENUE—							
Mandalay canal	92,796	89,911	2,20,257	2,89,938	3,97,163	3,30,000	3,37,000
Shwebo canal	...	...	...	1,14,059	2,92,167	4,61,000	5,51,000
Orissa canals	4,29,897	3,88,900	4,61,355	5,01,729	4,87,689	5,28,000	5,10,000
Midnapur canal	2,20,343	2,06,215	2,10,623	1,56,521	1,53,330	1,68,000	1,70,000
Hijili Tidal canal	42,334	45,242	70,448	71,515	58,703	52,000	62,000
Sone canals	13,28,315	14,05,810	13,96,628	15,64,819	16,63,360	18,30,000	16,75,000
Ganges canal	41,89,402	43,52,620	39,24,454	54,60,219	49,50,091	50,21,000	45,89,000
Lower Ganges canal	26,06,067	28,02,597	25,22,451	32,81,049	32,41,598	29,48,000	27,71,000
Ditto Fatehpur Branch	2,46,399	2,82,584	1,62,015	2,68,829	3,01,978	3,75,000	3,30,000
Agra canal	8,37,371	8,91,284	5,20,088	11,19,818	8,28,606	8,84,000	8,79,000
Eastern Jumna canal	14,46,761	15,56,261	13,23,368	18,69,165	17,81,835	16,28,000	15,88,000
Betwa canal	1,42,688	1,72,992	1,94,969	2,63,612	2,11,431	1,25,000	2,67,000
†Dun canal	...	...	...	...	1,23,676	1,32,000	1,27,000
†Bijnor canal	...	...	...	...	33,744	39,000	43,000
Western Jumna canal	24,09,698	27,34,556	27,58,415	31,38,384	30,70,580	17,25,000	19,00,000
Lower Chenab canal	83,56,107	87,02,144	77,26,067	87,79,994	71,22,604	77,37,000	79,50,000
Upper Bari Doab canal	35,52,676	35,97,127	34,83,516	38,70,506	36,99,711	37,70,000	37,00,000
Sirhind canal	27,41,580	26,85,001	27,06,842	32,20,358	31,05,728	29,97,000	24,00,000
Lower Jhelum canal	2,23,146	4,85,955	8,60,450	16,26,388	16,81,954	23,66,000	23,00,000
Indus Inundation canals	4,06,682	3,78,882	4,36,486	4,37,317	4,36,665	3,42,000	3,50,000
Lower Swat River canal	5,65,745	5,34,027	4,88,302	5,62,750	5,83,234	5,96,000	6,05,000
†Kabul River canal	...	...	...	...	1,27,819	1,70,000	1,52,000
Godavari Delta System	30,23,753	33,85,787	35,39,458	34,10,990	35,41,147	35,64,000	35,64,000
Kistna „ „	25,99,952	29,93,415	30,35,816	31,08,369	32,09,307	32,24,000	32,60,000
Carried over	3,54,61,712	3,76,91,310	3,60,42,008	4,31,16,329	4,11,04,120	4,10,12,000	4,00,80,000

† Transferred to 49, from 1st April 1907.

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.— ross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1907-08, with Revised Estimates for 1908-09, and Budget Estimates for 1909-10—*continued.*

	Actuals.					Revised Estimate, 1908-09.	Budget Estimate, 1909-10.
	1903-04.	1904-05.	1905-06.	1906-07.	1907-08.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	3,54,61,712	3,76,91,310	3,60,42,008	4,31,16,329	4,11,04,120	4,10,12,000	4,00,80,000
TOTAL REVENUE—*concld.*							
Pennér River canals	3,78,651	87,408	4,27,296	5,08,790	5,33,407	5,28,000	5,33,000
Periyar Project	4,54,774	4,76,360	4,88,955	4,95,672	5,23,064	5,21,000	5,28,000
Cauvery Delta System	9,17,458	9,21,626	9,30,431	9,17,934	9,35,766	9,48,000	9,55,000
Rushikulya Project	92,276	98,340	1,06,530	1,05,910	1,07,014	1,29,000	1,36,000
†Lower Coleroon anicut system	..	...	..	...	2,79,735	2,79,000	2,79,000
†Shatiatope anicut ,,	...	...	...	...	1,05,018	1,11,000	1,11,000
Desert canal	2,08,750	3,16,831	3,74,868	3,67,489	2,07,671	3,69,000	3,54,000
Begari ,,	3,90,920	3,82,985	4,84,278	5,10,120	5,69,298	5,54,000	5,60,000
Eastern Nara Works	5,26,184	5,44,576	6,77,162	7,20,174	5,11,425	6,07,000	8,02,000
Mutha canals	3,17,822	2,63,809	3,58,989	3,20,970	3,33,812	3,91,000	3,97,000
Nira canal	2,42,139	1,17,155	1,58,099	2,16,002	4,38,264	3,06,000	3,14,000
Jamrao canal	6,50,096	6,54,762	9,06,320	6,69,486	6,40,688	8,25,000	7,32,000
Other projects	17,16,757	17,58,492	16,14,083	22,89,672	24,38,922	23,09,000	23,82,000
TOTAL	4,13,57,539	4,33,13,714	4,25,69,019	5,02,38,186	4,87,28,204	4,88,89,000	4,81,63,000
WORKING EXPENSES—							
Mandalay canal	92,027	75,301	99,165	85,898	81,472	95,000	91,000
Shwebo canal	...	...	...	47,241	1,19,394	1,85,000	1,33,000
Orissa canals	3,57,837	3,18,396	3,53,817	3,99,092	4,30,069	4,88,000	4,07,000
Midnapur canal	1,41,042	1,31,362	1,42,981	1,61,123	1,84,291	2,86,000	1,88,000
Hijili Tidal canal	23,805	47,652	45,518	51,493	40,783	48,000	50,000
Sone canals	4,94,357	4,90,595	4,75,823	5,73,895	7,51,799	6,36,000	6,70,000
Ganges canal	10,00,807	11,87,448	12,48,973	13,16,804	12,22,219	12,75,000	13,04,000
Lower Ganges canal	11,35,205	10,28,308	9,38,717	10,46,866	10,43,099	10,67,000	10,88,000
Ditto Fatehpur Branch	1,33,566	1,27,412	1,28,022	1,22,204	1,33,344	1,27,000	1,35,000
Agra canal	2,60,904	2,77,508	2,88,274	3,32,366	3,16,712	3,16,000	3,52,000
Eastern Jumna canal	4,33,254	4,47,027	3,99,569	4,46,771	4,18,193	4,14,000	4,12,000
Betwa canal	1,08,458	1,24,821	1,33,784	1,08,053	1,23,490	1,42,000	1,00,000
†Dun canal	...	...	...	...	81,194	91 000	76,000
†Bijnor canal	...	...	...	...	16,589	18,000	17,000
Western Jumna canal	8,47,358	9,33,606	10,32,192	10,64,403	9 89,606	9,00,000	9,00,000
Lower Chenab canal	16,73,711	16,96,071	17,37,856	18,48,265	18,65,256	19,60,000	22,00,000
Upper Bari Doab canal	9,95,494	11,29,036	11,62,570	11,88,489	14,86,234	13,00,000	12,50,000
Sirhind canal	8,47,146	9,19,230	8,68,842	10,34,695	9,20,563	9,50,000	8,20,000
Lower Jhelum canal	2,78,982	4.74,667	6,61,147	7,45,058	7,23,559	8,50,000	7,30,000
Indus Inundation canals	2,93,174	2,22,829	3,21,049	3,18,987	3,69,311	5,00,000	3,40,000
Lower Swat River canal	97,710	1,17,878	83,924	1,13,839	1,18 842	1,25,000	1,20,000
†Kabul River canal	...	...	...	..	96,616	60,000	60,000
Godavari Delta System	6,07,601	6,96,655	7,52,964	6,30,672	7,11,456	9,00,000	8,50,000
Kistna ,, ,,	6,42,508	7,34,128	6,80,810	6,39,218	5,33,036	5,71,000	6,00,000
Pennér River canals ,,	74,963	76,498	87,180	79,445	67,953	88,000	88,000
Periyar Project	95,726	91,707	98,514	69,971	1,65,530	1,67,000	1,40,000
Cauvery Delta System	45,482	65,442	67,864	94,707	81,303	1,62,000	1,16,000
Rushikulya Project	55,532	59,376	47,713	73,554	41,387	48,000	48,000
†Lower Coleroon anicut system	...	...	....	...	75,771	63,000	63,000
†Shatiatope anicut ,,	...	...	...	...	23,784	20,000	20,000
Desert canal	1,19,526	1,22,881	1,38,793	1,39,328	1,79,374	1,58,000	1,07,000
Carried over	1,08,56,175	1,15,95,834	1,19,96,061	1,27,32,437	1,34,12,220	1,40,10,000	1,34,84,000

† Transferred to 49 from 1st April 1907.

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1907-08, with Revised Estimates for 1908-09, and Budget Estimates for 1909-10—*concluded.*

	Actuals.					Revised Estimate, 1908-09.	Budget Estimate, 1909-10.
	1903-04.	1904-05.	1905-06.	1906-07.	1907-08.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs*
Brought forward	1,08,56,175	1,15,95,834	1,19,96,061	1,27,32,437	1,34,12,220	1,40,10,000	1,34,84,000
WORKING EXPENSES—*concld.*							
Begari canal	75,250	85,912	1,01,404	54,553	56,636	1,01,000	71,000
Eastern Nara Works	78,255	1,26,737	1,02,972	1,13,835	1,65,291	2,17,000	1,46,000
Mutha canals	85,913	95,461	89,637	93,618	94,580	1,00,000	1,00,000
Nira canal	47,868	66,394	65,782	70,419	74,710	71,000	64,000
Jamrao canal	2,09,931	3,15,472	2,95,237	2,67,529	2,92,478	2,78,000	2,69,0
Other projects	8,07,876	8,43,402	8,16,255	8,37,096	9,64,222	11,61,000	13,38,0
TOTAL	1,21,61,268	1,31,29,212	1,34,67,347	1,41,69,487	1,50,60,137	1,59,38,000 *	1,54,72,000 *
NET REVENUE—							
Mandalay canal	769	14,610	1,21,092	2,04,040	3,15,691	2,35,000	2,46,000
Shwebo canal	...	...	...	66,818	1,72,773	2,76,000	4,18,000
Orissa canals	72,060	70,504	1,07,538	1,02,637	57,620	40,000	1,03,000
Midnapur canal	79,301	74,853	67,642	*—4,602*	*—30,961*	*—118,000*	*—18,000*
Hijili Tidal canal	18,529	*—2,410*	24,930	20,023	17,920	4,000	12,000
Sone canals	8,33,958	9,15,215	9,20,805	9,90,924	9,11,570	11,94,000	10,05,000
Ganges canal	31,88,595	31,65,172	26,75,481	41,43,415	37,27,872	37,46,000	32,85,000
Lower Ganges canal	14,70,862	17,74,289	15,83,734	22,34,183	21,98,499	18,81,000	16,83,000
Ditto, Fatehpur Branch	1,12,833	1,55,172	33,993	1,46,625	1,68,634	2,48,000	1,95,000
Agra canal	5,76,467	6,13,776	2,31,814	7,87,452	5,11,894	5,68,000	5,27,00
Eastern Jumna canal	10,13,507	11,09,234	9,23,799	14,22,394	13,63,642	12,14,000	11,76,000
Betwa canal	34,230	48,171	61,185	1,55,559	87,941	*—17,000*	1,58,000
Dun canal	...	...	...	...	42,482	41,000	51,000
Bijnor canal	...	...	...	...	17,155	21,000	26,000
Western Jumna canal	15,62,340	18,00,950	17,26,223	20,73,981	20,80,974	8,25,000	10,00,000
Lower Chenab canal	66,82,396	70,06,073	59,88,211	69,31,729	52,57,348	57,77,000	57,50,000
Upper Bari Doab canal	25,57,182	24,68,091	23,20,946	26,82,017	22,13,477	24,70,000	24,50,000
Sirhind canal	18,94,434	17,65,771	18,38,000	21,85,663	21,85,165	20,47,000	15,00,000
Lower Jhelum canal	*—55,836*	11,288	1,99,303	8,81,330	9,58,395	15,16,000	15,70,000
Indus Inundation canals	1,13,508	1,56,053	1,15,437	1,18,330	67,354	*—1,58,000*	10,000
Lower Swat River canal	4,68,035	4,16,149	4,04,378	4,48,911	4,64,392	4,71,000	4,85,000
Kabul River canal	...	...	...	...	31,203	1,10,000	92,0
Godavari Delta system	24,16,152	26,89,132	27,86,494	27,80,318	28,29,691	26,64,000	27,14,0
Kistna „ „	19,57,444	22,59,287	23,55,006	24,69,151	26,76,271	26,53,000	26,60,0
Pennér River canals „	3,03,688	10,910	3,40,116	4,29,351	4,65,454	4,40,000	4,45,000
Periyar Project	3,59,048	3,84,653	3,90,441	4,25,701	3,57,534	3,54,000	3,88,000
Cauvery Delta system	8,71,976	8,56,184	8,62,567	8,23,227	8,54,463	7,86,000	8,39,000
Rushikulya project	36,744	38,964	58,817	32,356	65,627	81,000	88,000
Lower Coleroon anicut system	...	...	...	...	2,03,964	2,16,000	2,16,000
Shatiatope anicut „	...	...	...	...	81,234	91,000	91,000
Desert canal	89,224	1,93,950	2,36,075	2,28,161	28,297	2,11,000	2,47,000
Begari „	3,15,670	2,97,073	3,82,874	4,55,567	5,12,662	4,53,000	4,89,000
Eastern Nara Works	4,47,929	4,17,839	5,74,190	6,06,339	3,46,134	3,90,000	6,56,000
Mutha canals	2,31,909	1,68,408	2,69,353	2,27,352	2,39,232	2,91,000	2,97,000
Nira canal	1,94,271	50,761	92,317	1,45,583	3,63,554	2,35,000	2,50,000
Jamrao canal	4,40,165	3,39,290	6,11,083	4,01,957	3,48,210	5,47,000	4,63,000
Other projects	9,08,881	9,15,090	7,97,828	14,52,576	14,74,700	11,48,000	10,44,000
TOTAL	2,91,96,271	3,01,84,502	2,91,01,672	3,60,68,699	3,36,68,067	3,29,51,000	3,26,91,000

* Excluding Civil Officers figures as under —

	Revised	Budget.
	Rs.	Rs.
United Provinces	19,000	19,000
Punjab	12,000	5,000
	31,000	24,000

APPENDIX IV—*continued.*

Table VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1907-1908.

RAILWAYS.	Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.
	₹	£	₹	₹
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras	60,35,444	553,249	82,98,735	—22,63,291
Ditto overdraft	1,11,99,729	746,648	1,11,99,729	...
TOTAL	1,72,35,173	1,299,897	1,94,98,464	—22,63,291
ADVANCES.				...
Madras	58,20,759	533,570	80,03,545	—21,82786
Madras Extensions	35,362	2,357	35,362	...
TOTAL	58,56,121	535,927	80,38,907	—21,82,786
NET RECEIPTS.				
Madras	2,14,685	19,679	2,95,190	—80,505
Madras overdraft	1,11,99,729	746,648	1,11,99,729	...
Madras Extensions	—35,362	—2,357	—35,362	...
TOTAL	1,13,79,052	763,970	1,14,59,557	—80,505
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
Capital received in India. Ahmedabad-Dholka	11,000	733	733	...
Ahmedabad-Parantij	21,000	1,400	1,400	...
Hardwar-Dehra	3,000	200	200	...
Mymensingh-Jamalpur-Jagannathganj	...	...	...	...
Tapti Valley	12,000	800	800	...
TOTAL RECEIPTS	47,000	3,133	3,133	...
WITHDRAWALS IN INDIA.				
Assam Bengal	12,71,750	84,784	12,71,750	...
Bengal Nagpur	—49,61,953	—330,797	—49,61,953	...
Ditto Extensions	1,11,23,097	741,540	111,23,097	...
Burma	14,67,194	97,813	14,67,194	...
Indian Midland	9,65,600	64,373	9,65,600	...
Ditto Saugor-Katni	15,850	1,057	15,850	...
Lucknow-Bareilly	21,940	1,462	21,940	...
Southern Mahratta	—3,42,18,180	—2,281,212	—3,42,18,180	...
	—2,43,14,702	—1,620,980	—2,43,14,702	...
Amritsar-Patti	62,677	4,179	62,677	...
Ahmedabad-Dholka	13,778	919	13,778	...
Ahmedabad-Parantij	17,867	1,191	17,867	...
Hardwar-Dehra	3,648	243	3,648	...
Mymensingh-Jamalpur-Jagannathganj	21,575	1,438	21,575	...
Tapti Valley	9,002	600	9,002	...
	1,28,547	8,570	1,28,547	...
TOTAL WITHDRAWALS	—2,41,86,155	—1,612,410	—2,41,86,155	...
Net Withdrawals	—2,42,33,155	—1,615,543	—2,42,33,155	...
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	—3,56,12,207	—2,379,513	—3,56,92,712	80,505

APPENDIX IV—*continued.*

TABLE VII—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—*continued.*

Revised Estimate, 1908-1909.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
	₹	£	₹	₹
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras	3,28	30,0	4,50	—1,22
ADVANCES.				
Madras	3,21	29,4	4,41	—1,20
NET RECEIPTS.				
Madras	7	6	9	—2
Madras Extensions	...	...	...	...
TOTAL	7	6	9	—2
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
Capital received in India. Ahmedabad-Dholka	...	...	...	...
Ahmedabad-Parantij	16	1,1	16	...
Patti-Kasur	50	3,3	50	...
Hardwar-Dehra	23	1,5	23	...
Mymensingh-Jamalpur-Jagannathganj	1,62	10,8	1,62	...
Tapti Valley	10	7	10	...
TOTAL RECEIPTS	2,61	17,4	2,61	...
WITHDRAWALS IN INDIA.				
Assam Bengal	—17,94	—119,6	—17,94	...
Bengal Nagpur	47,51	316,8	47,51	...
Ditto Extensions	43,70	291,3	43,70	...
Burma	21,27	141,8	21,27	...
Indian Midland	22,40	149,3	22,40	...
Ditto Extensions	4	3	4	...
Lucknow-Bareilly	2,27	15,1	2,27	...
Madras and Southern Mahratta	—19,90	—132,7	—19,90	...
	99,35	662,3	99,35	...
Ahmedabad-Dholka	1	1	1	...
Ahmedabad-Parantij	18	1,2	18	...
Amritsar-Patti	96	6,4	96	...
Hardwar-Dehra	20	1,3	20	...
Mymensingh-Jamalpur-Jagannathganj	1,65	11,0	1,65	...
Patti-Kasur	50	3,3	50	...
Tapti Valley	13	9	13	...
	3,63	24,2	3,63	...
TOTAL WITHDRAWALS	1,02,98	686,5	1,02,98	...
Net Withdrawals	1,00,37	669,1	1,00,37	...
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	1,00,30	668,5	1,00,28	2

APPENDIX IV—*concluded.*

TABLE VII—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—*concluded.*

Budget Estimate, 1909-1910.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
	₹	£	₹	₹
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA.				
Ahmedabad-Dholka	21	1,4	21	...
Ahmedabad-Parantij	18	1,2	18	..
Amritsar-Patti	70	4,7	70	...
Hardwar-Dehra	18	1,2	18	...
Mymensingh-Jamalpur-Jagannathganj	40	2,7	40	...
Patti-Kasur	8,50	56,7	8,50	...
Tapti Valley	23	1,5	23	...
TOTAL RECEIPTS	10,40	69,4	10,40	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	—18,00	—120,0	—18,00	...
Bengal Nagpur	62,94	419,6	62,94	...
Ditto Extensions	46,74	311,6	46,74	...
Burma	29,55	197,0	29,55	...
Indian Midland	18,44	122,9	18,44	...
Ditto Extension	...	...	...	...
Lucknow-Bareilly	6 44	43,0	6,44	...
Madras and Southern Mahratta	1,87	12,5	1,87	..
	1,47,98	986,6	1,47,98	..
Ahmedabad-Dholka	21	1,4	21	...
Ahmedabad-Parantij	18	1,2	18	...
Amritsar-Patti	96	6,4	96	...
Hardwar-Dehra	18	1,2	18	...
Mymensingh-Jamalpur-Jagannathganj	40	2,7	40	...
Patti-Kasur	8,50	56,6	8,50	...
Tapti Valley	23	1,5	23	...
	10,66	71,0	10,66	...
TOTAL WITHDRAWALS	1,58,64	1,057,6	1,58,64	...
Net Withdrawals	1,48,24	988,2	1,48,24	...

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 AND 1892 (24 & 25 VICT., C. 67, AND 55 & 56 VICT., C. 14).

The Council met at Government House, Calcutta, on Monday, the 29th March 1909.

PRESENT:

His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Sir Edward Norman Baker, K.C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., G.C.I.E., Commander-in-Chief in India.

The Hon'ble Sir H. Erle Richards, K.C.S.I., K.C.

The Hon'ble Major-General C. H Scott, C.B., R.A.

The Hon'ble Sir Harvey Adamson, Kt., C.S.I.

The Hon'ble Mr. J. O. Miller, C.S.I.

The Hon'ble Mr. W. L. Harvey, C.I.E.

The Hon'ble Sir G. F. Wilson, K.C.B., K.C.M.G.

The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.

The Hon'ble Mr. A. A. Apcar, C.S.I.

The Hon'ble Maung Bah Too, C.I.E., K.S.M.

The Hon'ble Mr. W. W. Drew.

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

The Hon'ble Raja Sir Muhammad Ali Muhammad Khan, K.C.I.E., Khan Bahadur, of Mahmudabad.

The Hon'ble Mr. N. C. Macleod.

[*Mr. Holms.*]

The Hon'ble Mr. J. Andrew.

The Hon'ble Mr. Maneckjee Byramjee Dadabhoy.

The Hon'ble Mr. F. A. Slacke, C.S.I.

The Hon'ble Mr. J. M. Holms, C.S.I.

MISCELLANEOUS.

The Hon'ble SIR HARVEY ADAMSON laid on the table the list * of Muhammadan religious and charitable endowments and trusts under Government management in the different provinces, as asked for by the Hon'ble Nawab Saiyid Muhammad at the meeting of the Legislative Council on 26th February 1909, and the statement † showing the cost of special Commissions of Enquiry as asked for by the Hon'ble Sir Khwaja Salimulla at the meeting of the Legislative Council on 5th February 1909.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1909-1910.

The Hon'ble MR. HOLMS said :—"My Lord, the few remarks which I have to make concern the terms of the revised financial settlement with the United Provinces which have recently been announced.

"My predecessors have not been backward in urging on the Government of India the claims of the United Provinces to the enjoyment of a larger share of the revenues raised therein, and the Council will, I think, admit that the result of the present revision is sufficient justification for their importunity. The last settlement was entered into in 1904, but it was soon found that the provision made for the needs of the Province was entirely inadequate. The Province had been starved in the past, and no allowance was made in the settlement for the large expansion of expenditure which was needed to satisfy its legitimate claims

"The settlement has now come under revision. In the revision it has been recognised that the principle of basing the settlement on recent actuals may fairly be departed from, when otherwise the result would be the perpetuation of an inadequate standard of expenditure. This principle is no doubt one of the main bulwarks of the keeper of the public purse, but like most principles it has its exceptions. Among the satisfactory features of the new settlement these may be noticed; the larger share under certain heads of growing revenues now placed at the disposal of the Province, the smaller proportion which the non-elastic item of fixed assignment now bears to the whole income, and the guarantees given by the Government of India to ensure the stability of land-revenue and of irrigation receipts.

"I am to express the gratitude of the Government of the United Provinces for the liberality and fairness with which the question has been treated by the Government of India and for the arrangements which they were willing to make. These arrangements, however, have been subjected to modification in certain respects. It is true that, since the settlement has been under discussion, the Imperial Government have found themselves in more disturbed financial waters, and no exception need be taken to the postponement of the allotments for certain reforms until these reforms are on the eve of being carried out.

"The provision in the scale of expenditure of three lakhs for the upkeep of the new Medical College at Lucknow and the hospital to be attached thereto has been reduced to two lakhs for the hospital only. It was originally intended to provide the remaining lakh for the Medical College from Provincial funds, but the famine has entirely altered the financial position, and the full provision made might well have been allowed to stand.

"But the most important matter to which I would refer is the question of an initial grant. Under the operation of the rules regarding the debit of famine

* Appendix I.
† Appendix II.

charges the considerable balance of nearly 56 lakhs, which we had in hand two years ago, has been completely wiped out, and we are left at the beginning of the coming year with the ordinary minimum balance of 20 lakhs which has been restored, plus an amount which is earmarked for a particular purpose. It is true that this amount has been entered in the budget as a lump assignment in connection with the revision of the Provincial settlement, but this classification does not alter the fact that it is set apart for the building of the new hospital to be attached to the Medical College at Lucknow, and that it will not be available for the general needs of the administration. The grant of an initial assignment for general purposes is the ordinary accompaniment of a financial settlement, and is designed, I understand, to enable a province to meet the unavoidable demands on its resources not provided for in the settlement, until the Provincial items of income have had time to expand. The United Provinces, which have worked for several years on a settlement less favourable than that of most other provinces, and which have been crippled by a severe and widespread famine, appear to have special claims to liberality in this respect. Financial straits may not allow of such a grant at present, but when the sky clears it is hoped that the Imperial Government will see its way to allow to the Local Government the equivalent of what might have been given as a grant with which to start the new arrangements fairly on their way.

"In the budget before the Council it has not been found possible to provide for any large grants to Provincial Governments in aid of administrative developments. But there are two matters of importance to the United Provinces which I desire to mention.

"In view of the admitted backwardness of the Province in the matter of education, provision has been made in the settlement for an increase of six lakhs in the Provincial expenditure under this head. This amount is not earmarked for any particular reforms, but is to be used for the general improvement of education. It is urged that this addition is wholly insufficient to carry out the scheme which has been worked out for the furtherance of secondary education involving the provincialisation of high schools, in addition to other urgent reforms of pressing importance. The improvements which the Local Government desires to introduce in secondary education are estimated to cost over 10 lakhs a year net, and in addition at least one lakh a year is needed for female education. Defects both in respect of buildings and equipment and in the quality of the teaching in secondary schools are prominent in the United Provinces, where the scale of expenditure on education is below the standard of other Provinces. Even when the effects of the famine are over and the Provincial finances are restored to equilibrium, it is clear that whatever the additional expenditure may be, which the Province can afford to devote to education, it will be fully utilized in meeting the normal expansion of educational charges, and cannot be reckoned on to meet the cost of the larger schemes which have been worked out in the endeavour to bring the Province into line with the rest of India. It is to be regretted that the present financial position renders it unlikely that any further subvention from Imperial revenues will be made in the near future in aid of educational expenditure in the United Provinces.

"So in the important matter of technical education the Province is for the most part dependent on the Imperial Government for funds. A scheme to foster industrial development, mainly by providing facilities for technical education, has been matured and is before that Government. The scheme can be introduced on a capital expenditure of 15 lakhs and a recurring grant of 4½ lakhs a year. No provision for this has been made in the revised settlement, but an assurance has been given that the question of assistance from Imperial funds will be considered without awaiting the schemes in other provinces which may not yet be ripe for submission. It is hoped that, when the financial clouds clear away, the Government of India may be able to give a substantial subsidy towards the vigorous prosecution of the policy of industrial development, in which the public have displayed the keenest interest.

"In conclusion, I have to congratulate the Hon'ble the Finance Member on the decision to frame his budget for the ensuing year without resort to increased taxation."

The Hon'ble MR. SLACKE said:—"My Lord, while respectfully conveying to Your Excellency the gratitude of the Province to which I belong for the timely assistance that Your Excellency has given to its finances, I venture to bring to the notice of Your Excellency that in the course of the present and the preceding two years the Government of Bengal has had from their own resources apart from any Imperial allotments to meet an expenditure of 48 lakhs of rupees on charges that were quite unforeseen, while in the current year the loss under Land Revenue, Excise and Stamps as compared with the estimates, a loss due to a bad season, exceeded 5 lakhs. In the case of the Police, additional accommodation and increases in subordinate and menial establishments, supplies and services and contingencies account for 6½ lakhs, grain compensation amounted to 23¾ lakhs, famine relief 9¾ lakhs, and the proceedings undertaken in connection with the outbreak of anarchism and sedition required 8 lakhs.

"My reason for enumerating these facts is the hope that should the coming rains break favourably and be well distributed and should the political aspect improve, the Government of Bengal may be at liberty to approach Your Excellency's Government for further financial assistance, and that such application will be sympathetically received and generously treated."

The Hon'ble MR. DADABHOY said:—"My Lord, an adversity Budget with a prospective deficit for capital requirements of £6,406,100 (not taking into account the heavy balance of the sterling loan of 7½ million pounds floated in January last), proposed to be made up by borrowings both here and in England to the extent of over six crores of rupees and the reduction of the cash balances by £2,339,400, naturally would disconcert a Finance Minister who has only recently come to office. It discloses an alarming state of agricultural and commercial depression with an element of uncertainty that might in the end upset the financial calculations for the coming year. Estimates are, as the Hon'ble Sir Guy Fleetwood Wilson pithily puts it, 'largely a gamble in rain.' It will be unwise therefore to count too much on the budgeted surplus; all we can hope for is that the forecast may prove true. But alongside of this darkness of the doleful account there is an agreeable feature; the Hon'ble Finance Minister is to be congratulated upon his wise policy of economy and retrenchment. The public will feel grateful to him for it. He can justly claim credit for 'strict economy' which 'is the main feature of the Budget.' He regretted in Council it had fallen to his lot in the first year of office to prepare a budget involving a sharp curtailment in expenditure. For the causes leading up to that result he has our genuine sympathy; in the policy itself there is ground more for felicitation than commiseration. My Lord, the people need a Finance Minister who so thoroughly realises the great need of Indian finance, 'close economy. The avoidance of an increase in the burdens of the people—which was just an imminent possibility—is likewise a point in Sir Guy Fleetwood Wilson's favour. Far better we should progress slowly without additional taxation than that a heavy programme of work should be taken in hand at the sacrifice of the poor Indian taxpayer. The Hon'ble Member will have the satisfaction to know his policy is appreciated by the people, and he has the support of the Indian public in his financial scheme. If he is disposed to respond more fully to the wishes of the Indian community, more liberal and expansive grants for Sanitation, Irrigation, and Education—Primary and Secondary, Commercial, Technical, and Industrial—and a substantial reduction in the Railway and Military expenditure will become necessary.

"It was expected the subject of high prices would receive proper treatment at the hands of an economist of Sir Guy Fleetwood Wilson's experience and reputation. My Lord, abnormal prices still rule in the market, causing acute distress to thousands of families. The position cannot surely be viewed

with indifference by Government. A patriarchal Government especially has serious responsibilities in the matter. People have been taught to look up to it for almost every mundane advantage, and it will not do now to wait for the operation of economic laws for a restoration of the *status quo*. I believe, and I am supported by the opinions of a large number of people who ought to know, that the evil is, to a large extent at least, amenable to administrative treatment. But before the remedy can be applied the causes must be thoroughly sifted, and that is just an inquiry which can with advantage be undertaken only by Government. My Lord, much time has already been lost, and further delay will not only leave the people helpless in the face of a growing evil of incalculable potentialities for mischief, but will most effectively cause widespread discontent and, consequentially, unrest. The complex nature of the subject apparently accounts for the indecision of Government, whereas in my humble opinion, it should have impelled it to energetic action. It is because the subject is complex that an inquiry by Government has become necessary. A simple fact does not require elaborate examination. The thing lies on the surface; the cause is obvious; the solution is plain; the way is clear. But not so in a matter dependent upon a complex variety of conditions, including international commercial operations. That must be the subject of Government inquiry, and the sooner it is undertaken the better for both Government and the people. An authoritative pronouncement on the causes and the solution of the difficulty will remove much of the popular misapprehensions, fix the limits of the responsibility of Government, and prepare the ground for the application of the proper remedy. It is therefore in the best interests as much of the Government as of the people that an inquiry by a Commission is demanded with such persistence. I fervently hope Government will now make up its mind and appoint, to ensure full and independent investigation and to secure popular confidence, a Joint Committee of Inquiry of officials and non-officials.

"My Lord, the rise in prices which causes so much distress throughout India would not have been so disconcerting an element in national calculation were this, as it should have been before now, a great manufacturing country like England, Germany, or Austria. The quantum of prices has nothing intrinsically wrong about it, and, as must be obvious, the mischief arises only from the poverty of the people. The aim, therefore, of wise administration must be to increase by all legitimate means the financial ability of the citizen, not only by the removal of artificial and preventible causes of the appreciation in values, but by the induction of at least a proportionate increase in wages. My Lord, a good deal is heard in India about recurrent famines. It is an endless tale of woe and suffering. There is hardly a year in which some part or other of the vast Peninsula is not affected. I imagine an extensive area like that of our country can never be wholly free from drought and failure of crops. But recognising as I do this fact, I fail to see why the effects of a seasonal calamity should not be considerably minimised, if not completely prevented. My Lord, drought is not an essentially Indian evil, but famine has unfortunately come to be; and yet it is a long step from drought to famine. The position thus offers a problem with which British statesmanship must seriously grapple and solve. But beyond the preparation of a creditable Famine Code that statesmanship has not been productive of much good so far. The energy of Government seems to have spent itself in the narrow channels of the details of Famine relief. Government has not gone to the root of the matter yet; little has been done to increase either the staying power of the people or the food-supply of the country. Millions of acres of land now lying waste can be converted into smiling fields by the inauguration of well-devised systems of drainage and irrigation. The larger the area under cultivation the lesser the risk of suffering from drought. The contingency is unlikely that there should be drought all over the continent at the same time. There are weird tracts, my Lord, with great potentialities of fertility, which can be turned into thriving villages of contented cultivators and industrious artisans under a judicious system of inland emigration. Parts of the country, again, which appear too inhospitable for the agriculturist ought to be, and can be made into,

hives of small industries, ensuring plenty to the artisan and peace to the land. My Lord, I believe that the time has come when Government should encourage by every legitimate means in its power inland emigration and discourage exodus to distant and unsympathetic colonies, the more so since it feels itself powerless to protect Indian emigrants from maltreatment at the hands of selfish and exclusive colonists. Here within India there is ample room for all Indians. And not only that: the country requires the assistance of all her sons in the work of development.

"My Lord, Government must not be slow to take full advantage of the great industrial awakening of India. The inquiry is fruitless as to how the existing industrial prostration of a country once enjoying a world-wide reputation for the excellence of her manufactures came about. The fact is there somehow, and we must settle our programme of action in full recognition of it. Fortunately the darkness of the night is past, and the streaks of dawn illuminate the horizon. The people have awakened. A wholesome change has come over their ideas, thoughts and spirit. Government should foster this new spirit, and guide the industrial activity of the nation into profitable channels. My Lord, it would be unkind to say Government does not recognise its responsibility in the matter. I am aware it has already given evidence of its deep concern for the industrial progress of India by the creation of a special department for the regulation of Commerce and Industry. That department has now been in existence for some years, but the results have not been quite commensurate with the high expectations of the public. Possibly the time is too brief; possibly the department has had its attention too much engrossed by large schemes to care much for small industries which must be introduced far and wide to effect a real improvement in the condition of the people. But the department is now in charge of an officer fitted alike by his experience, versatility and resourcefulness to give a healthy direction to its operations. It is needless to remind the Hon'ble Mr. Harvey that big concerns, owned and managed by Joint Stock Companies, with lakhs of rupees at their back mostly imported from foreign countries, the bulk of the profits which must go out of the country, will in the end only swell the ranks of operatives, aye prosperous, but operatives all the same. They will not improve the lot of the nation. Exploitation with foreign capital is, I know, an attractive idea, but, on analysis, will be found to be productive of only a modicum of good. For a real amelioration in the condition of Indians the industries must be in their hands, owned and worked by them. In any other contingency the national asset will be precious little. It may be argued it is open to Indians to come into the field and by their merit win the race. But that is hardly fair or practical. The competition is unequal and highly disadvantageous to Indians. For them industrial enterprise on European lines is a novel venture, the strangeness of which is calculated to repress enthusiasm and induce timidity. We lack expert knowledge, experience, guidance, facilities, and unlocked capital. Suitable markets for the sale of manufactures even are not known to us, and from the necessities of the position, we are hopelessly behind the European manufacturer in respect of facilities for international commercial operations. To cap all, the fiscal policy of this Government being dependent upon that of the United Kingdom, at times it entails hardships and disadvantages which, without helping much the English manufacturer, seriously handicaps the Indian manufacturer in his competition with manufacturers of other countries.

"My Lord, with Government help much might be done to improve the present unsatisfactory condition. Some of the measures necessary for industrial progress must emanate from Government. The first step necessary is to ensure the dissemination of expert knowledge by the establishment at suitable centres of properly equipped Technological Colleges with branches in the interior. Institutes for the impartation of commercial education are equally urgent. The cost, large though it may be, must be incurred in the interests of the nation, and the sooner it is done the better. No expenditure could be more reproductive in the long run than

money spent on the industrial and commercial training of the people. The institutions lately started by Government must be admitted to be wholly insufficient for national training in either of those departments of knowledge. A comprehensive and thorough-going scheme is urgently required. The results of the small efforts hitherto made will provide data at once inadequate and unreliable for any future pronouncement about the utility or otherwise of an expansive system of special training. Industrial scholarships, tenable at large centres of industrial activity, will prove a valuable aid to industrial education. While I gratefully acknowledge the action taken by Government in this behalf, I cannot but regret that they are not more numerous and more comprehensive as regards subjects of study.

"In the industrial development of the country Government help in other directions is not only desirable, but imperatively necessary. Facilities for the sale of indigenous manufactures should be provided, and they should be preferentially purchased by Government, if only to encourage production. Circulars, reports and resolutions have not been wanting giving evidence of the Government's desire to buy articles made in India, but it may be doubted if all that could be done in this respect has been done.

"In the present infant stage of Indian manufactures a judicious protective tariff is the *sine qua non* of progress. They must be protected against unrestricted foreign competition by some sort of prohibitive tariff. My Lord, the use of the handicap is not unknown in races, and why should it be impossible in a race upon the result of which depends the economic fate of a whole nation? The West has not attained to its present industrial development without State help of this kind. Monopoly and protection played an important part in that progress. India is in a more helpless condition today than the West ever was, and the need here for protection in the initial stages is *à fortiori* all the greater. We must have *fair* competition first and *free* competition afterwards.

"There are industries again which by reason of the exceptional difficulties and the uncertainties of profits at the inception may require a greater sponsorial attention, and should be supported with bounties. Here, as in the case of technical, industrial and commercial education, the cost, however large, will only be an investment, yielding an ample return in national prosperity and contentment and the eradication from the land of famine, sedition, and anarchy.

"Reduction in railway freight, my Lord, is another prime necessity for healthy economic progress. The existing scales of freights are a fruitful source of annoyance and trouble. They hamper trade and place artificial difficulties in the way of inland traders in their competition with consignors from foreign countries whose merchandise is brought here over seas at a considerably lesser cost.

"Bulletins issued by the Department of Commerce and Industry, containing elaborate information about industries, machinery, and markets should be very helpful to progress. The disinclination of the Indian capitalist to invest in sound and profitable concerns is to a large extent due to want of precise and reliable information about their financial prospects, the amount of capital necessary, the machinery to be used, and the firms which supply it. This information the Department of Commerce and Industry ought to supply from time to time and circulate freely among the people.

"Government will also be pleased to note the educative influence of Exhibitions, and much can be done in that line by proper encouragement to organisers. The phenomenal success of the Exhibition recently held at Nagpur—principally due to the indefatigable energy and the whole-hearted support of the Hon'ble Mr. Craddock—should be a fillip to local leaders and heads of Provincial Governments.

"Every effort should further be made, every inducement offered, for the remunerative employment of Indian capital. I do not believe in 'the hoarded wealth' of India. That is a myth. But there is some capital in the hands of big men which might with profit be employed to support industrial concerns,

and the objective of official action should be to set free this locked up capital. A hint from Government will go a great way to give a healthy direction to investment. I do not know what official encouragement will not do in India. The people are hardly responsive to any other stimulus.

" My Lord, notwithstanding its admitted utility, necessity, and commercial success, Irrigation, it pains me to point out, has not received up to now a liberal treatment at the hands of Government. Even the modest recommendations of the Irrigation Commission have not been worked up to; the annual allotments have fallen short of the average, with the net result of a total shortage of 228 lakhs of rupees on four years' working. And when Government is moved for an additional grant sufficient to cover the accumulated arrears, the prayer is refused on the score of impracticability. 'The money could not be spent!' That may be a satisfactory reason from the official point of view, but is singularly unconvincing in view of the extra lavish expenditure sanctioned for the Army and Public Works of at least doubtful utility and urgency. The issues are simple enough: Is the outlay recommended by the Irrigation Commission going to be undertaken, and if so, when is the shortage of past years going to be made up? The decision on the first issue is, happily, no longer a matter of conjecture or debate. The affirmative resolution of Government settles it once for all. The second issue only awaits decision. And in this connection it will be well to bear in mind that arrears are as troublesome an element in Government finance as in private finance, and have a tendency to elude settlement. It is always an unwise policy to allow them to creep into the accounts, and the danger is aggravated where, as in the case of this Government, expenses have a normal tendency to swallow up the income, be this ever so large. Government is almost always more or less troubled for ways and means; its financial difficulties are perennial; hundred things crop up to checkmate its operations. Is it prudent to allow arrears to accumulate in such circumstances? If Government experiences such difficulty in settling a small arrear of 228 lakhs of rupees, what ground for hope is there that it will be in a position to pay off the arrears once they grow and accumulate to larger proportions? The present carries the future in its womb; and if there are elements of prospective trouble in the former, how can they be eliminated from the latter? Even for the next year the allotment is less than the annual average, and that in spite of the enactment by Parliament of special legislation for a maximum loan of £20,000,000 for railway and irrigation purposes. Where is then the guarantee that the arrears will be reduced in the near future, and that the total amount of expenditure recommended by the Irrigation Commission will be incurred within the twenty-year limit?

" And yet, my Lord, there are few countries where irrigation is so very necessary, so pregnant with possibilities for the prosperity of the people as India. Millions upon millions of acres of arid soil, vast expanses of scrub and wilderness, miles of waste and jungle meet one's eyes on all sides, the bulk of which with judicious irrigation can be made to yield food for the millions of the country. The comparative neglect in this matter of irrigation has impressed even foreigners. The following passage from an article on Indian Irrigation by the American statesman, Mr. Bryan, headed 'Money for an Army, none for Irrigation', published in the *New York Sun* in 1907, contains a strong criticism of the Government policy:—

'There are now large tracts of useless land that might be brought under cultivation if the irrigation system were extended. Proof of this is to be found in the fact that the Government of India has already approved of extensions which, when made, will protect 7,000,000 acres and irrigate 3,000,000 acres.....*Ten per cent. of the Army Expenditure* applied to irrigation would complete the system within five years, but instead of military expenses being reduced, the army appropriation was increased more than $10,000,000 (Rs. 3,00,00,000) between 1904 and 1905.'

" My Lord, they are doing great things in the United States of America. Besides other projects, in the Western States alone works now in progress will cost 15 crores of rupees. Even in a country of infinitely lesser resources, Egypt, the Assouan Dam stands pre-eminently high among the great Irrigation

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Works of the world. But in India, with an annual revenue of over 100 crores of rupees, money cannot be found for working up to the modest limit of 220 lakhs of rupees a year, even though Irrigation works pay a handsome profit of over 8 per cent., because, forsooth, what with an ever-increasing Military Expenditure, the Home Charges, the ordinary needs of a complex system of administration, and the expenditure entailed by the adoption of a vigorous Railway programme, the financial capacity of the Government is wofully crippled!

" My Lord, I have heard it said that the Engineering Staff of the Government is inadequate for the execution of an elaborate scheme of irrigation. Supposing it is, the solution of the difficulty is simple. Large works can be done through contractors of established reputation for business capacity. The great Assouan Dam was constructed by a body of contractors, Messrs. Aird and Co. The suggested change in the system of work will afford appreciable relief to the Government, besides ensuring despatch. Is the hope extravagant, my Lord, that Government will yet see its way to carry through the Irrigation programme approved by the Irrigation Commission with energy and spirit?

" My Lord, Government has no money for the vigorous prosecution of a proper irrigation policy, but is extraordinarily liberal in its outlay on Railways. In spite of universal protest from the people, in spite of the financial straits of Government, money on a lavish scale must be spent on railways ; credit premised, there could be no difficulty for funds. And hence it is that even in an adversity Budget the allotment for railway expenditure is kept up at the high figure of the current year. And the bulk of this amount is going to be raised by sterling loans under the new East India Loans Act, a contingency by itself of sufficiently grave import to Indian finance. In judging of these figures, it should be remembered that down to December last our total Railway Debt, according to the statement made by Mr. Buchanan in Parliament, stood at £176,600,000 out of a total of £246,000,000. But the figures need not appal any one. That is all, in the official language, *productive debt*! Government makes profit out of the business! That was the observation made by His Honour Sir Edward Baker in the course of the Budget Debate of 1907, on Mr. Chitnavis's sound suggestion for working the railways by private companies :—

' Our railways do not now impose any burden whatever on Indian revenues, but, on the contrary, afford considerable relief to the taxpayer. Why it should be suggested on financial grounds that we should hand them over to private enterprise I am unable to understand.'

" It would almost seem as if fifty years of Crown rule had failed to divest the Government of the commercial character impressed upon it by the East India Company. My Lord, there are many enterprises which are calculated to prove commercially successful. An extension of the principle underlying the present solicitude for railways would justify Government in undertaking some of these as likely to afford relief to the taxpayer. But would it be contended Government ought to? Besides, what is after all the net gain to Government? It is in prosperous years, as pointed out on that occasion by Mr. Chitnavis, about one per cent. upon the Capital charge! It was much more according to the Finance Minister. The contention was that the net surplus was ' the excess after deducting all charges for interest and annuities ' and did not therefore provide a basis for calculation of profit. But in commercial calculations of net profit the interest charge upon capital has to be deducted, and more. The allowance for depreciation and renewal of block is pretty heavy ; this is absent from the Government accounts. The net surplus can alone supply a correct basis of calculation of net profit. Applying this test, the railways must be taken to have worked during the year at a loss. Indeed, the Hon'ble Finance Minister admits that in the Budget. The receipts have fallen off by $3\frac{1}{2}$ crores of rupees, while the working expenses have increased by two crores, *i.e.* a total loss of $5\frac{1}{2}$ crores of rupees in one year, a sufficiently alarming aspect of Railway finance that might well call for a halt in further extension.

[*Mr. Dadabhoy.*]

"But be the railways ever so successful from a commercial point of view, what is the urgent necessity, what the hurry for a vigorous railway programme? At the end of October last the total mileage of open railways was 30,384. Is that length really so very small for ordinary purposes? One would rather think it was enough. But 'financiers, traders, and Chambers of Commerce' are claimant and their voice prevails. There is the Report of the Railway Commission, recommending 'very strongly a much more energetic railway programme, the reorganisation of the Railway Department in India, and more liberal expenditure of capital on railways'; and, unlike the Report of the Irrigation Commission, it commands the ready assent of Government. Surely a vigorous railway programme is not wanted by the people. But supposing the need for expansion and better equipment of the Indian railways is urgent, it can be best met by private companies and syndicates rather than by Government. Government need not act the sponsor longer. If the railways are a financial success, there cannot be a dearth of capitalists to finance them. The time has admittedly come when the development of the system must be left to private companies. That is the view taken by Sir Henry Kimber, M.P, Chairman of the Board of Directors of the South Indian Railway, in his thoughtful article on 'The Future of Indian Railway Finance' in the *Financial Review of Reviews* of December last. The Mackay Committee, too, recommended the transference of some of the State railways to private companies on judicious terms. I fail to understand, my Lord, why Government, in spite of such weighty opinion, should cling to the old policy of godfathering railway enterprise in India, especially when it impedes development simultaneously with being a fruitful source of trouble to Indian finance. The suggested transference of execution and management will be decidedly conducive alike to economy and progress; the investment of capital will only be circumscribed by the limitations of the money market; and Government, as appellate authority, will have splendid opportunities of enforcing up-to-dateness and excellence in management.

"Two other points demand serious consideration: the better equipment of existing lines for which 'three-fourths or four-fifths' of the capital to be borrowed in England is required ought to be done out of the revenue; and if in the past provision had been made annually and a portion of the revenue had been set apart for this purpose, as is done by all respectable companies, instead of utilising the whole revenue to swell the profits, much of the present embarrassment of Government could have been avoided. I hope, my Lord, this point will receive proper consideration in future accounts. The larger employment of Indian labour on the railways cannot but have a wholesome influence on railway finance. Labour can hardly be said to be employed now with an eye to economy.

"My Lord, the complaint is not new that the Military Expenditure of this country is ruinous to a degree. With the advancement of years, settlement of frontier difficulties, the prostration of Russia after the Russo-Japanese War and the promotion of international alliances, one should have expected the expenditure to go down rather than increase, but the fact is otherwise. The expenditure in the current year is £20,754,400 against £15,029,800 spent in 1899-1900. The increase has been over 33 per cent. in ten years! This large increase has been justified on grounds of efficiency and economy. The outlay, in this theory, is a fee wisely paid for the insurance of the Empire against danger, and will be found really economical in the long run. My Lord, without seeking to subject to profane criticism a policy the details and the merits of which must be especially within the knowledge of the inner circle, several points may be laid before Government for earnest consideration. The insurance is clearly abnormally expensive, the fee paid being fully 28¼ per cent. of the annual revenue! Such a lavish expenditure is hardly consistent with sound finance. And yet the cost shewn in the annual Budget does not represent the whole expenditure incurred. Much of the transport work is done by the Imperial Service Troops. This cost as also the cost of the Military Police and the strategic railways are not shewn in the accounts.

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"My Lord, efficiency is a thing singularly incapable of definition. Military authorities are by no means agreed about the utility and the urgency of the Army Reorganisation Scheme. It is difficult to prophesy what the future verdict will be. We have the high authority of Your Excellency for the conclusion that much of the expenditure of preceding periods was so much waste of money. Be that as it may, I have abundant faith in Lord Kitchener's wisdom and far-sightedness. It would be sheer ingratitude to either deny or minimise the brilliant services he has rendered to the Empire. But the Indian Army is much too large compared with the armies of other countries. Is such a large army maintained anywhere else on a peace footing? Sir Charles Dilke, the reverse of an idealist, recently condemned the strength of the army with convincing force:—

'Why was the Indian Army kept up on an extravagant scale as compared with that which England could afford in this richer part of the world, and which was altogether out of proportion to that which she dared to ask the Crown Colonies to contribute? Why should there be a two to one different scale between Ceylon and India?'

"If it be the case that the Indian Army is intended to serve the purposes of an Imperial Reserve, common fairness would demand the payment of a substantial Imperial contribution towards its upkeep. But far from affording relief to the Indian taxpayer, the Imperial Government has proceeded, in the vigorous words of Sir Charles Dilke,

'in the teeth of all the evidence that had previously been produced, against the protests of the Government of India, to increase a charge already indefensible, a charge which we dare not put upon any other portion of the Empire, and appeared to be the deliberate creation, behind the back of Parliament, and without the knowledge of the people of India until it was done, of a new and fresh grievance which might easily have been avoided.'

"My Lord, the whole of this Romer Committee business is indefensible, It is true where the receipts and disbursements are calculated in crores of rupees the additional charge of 45 lakhs might not strike one as particularly ruinous; but the unfairness, the injustice, and the breach of compact involved are too great and too palpable to reconcile public feeling to it. The Welby Commission, after protracted inquiry, laid down once for all definite principles for the adjustment of accounts between the Imperial Government and this Government. Was it open to the Secretary of State, or for the matter of that the Cabinet, to undo the work of that Commission, to resile from the position assigned to the Imperial Government by it, and to create fresh financial obligations for this country? The report of that Commission may have been before the Committee for aught we know. The questions are, was it duly considered? If any of its decisions was modified, on what grounds, with what justification and under what authority was it done? If the matter is so plain, so reasonable, so just, why such reluctance to publish the papers? It will be difficult to resist the inference that the papers, if published, would unfold a tale of melancholy injustice. If anything is in the public interest, the publication of the report manifestly is, and the suggestion it would not be is clearly unsound. The worst feature of the business is that once the Welby Commission Report is disregarded, India is relegated to its former position of utter helplessness against the exactions of the Imperial Government, and one might shudder to think what might yet be in store for us.

"My Lord, the Hon'ble Sir Guy Fleetwood Wilson has explained the differentiation in the treatment of Crown Colonies. Without for the moment disputing the soundness of the position, it may be open to the people to urge that an arrangement which proves so eminently satisfactory to those Colonies from a financial point of view ought to be extended to India in supersession of the present arrangement which leaves her so hopelessly dependent upon the will and power of the Imperial Government.

"My Lord, all praise is due to Government for the generous Scheme of Reform, the *magnum opus* of British statesmanship. The Despatch of the Secretary of State of 27th November last was like a gospel of peace to disturbed

[*Mr. Dadabhoy.*]

India, and had at once the effect of soothing the public mind, of inspiring hope for the future, of restoring trust in British statesmanship, British justice, and British sympathy with popular aspirations, of removing discontent, and of rallying round Government the great Indian Constitutional Party, who have ever been its strongest supporters and powerful interpreters to the masses of its benevolent intentions. My Lord, much has been heard of late of this discontent; it has been requisitioned in controversy in justification of their respective views by diametrically opposite schools of political thinkers, from the most uncompromising repressionist to the most liberal and sympathetic statesman. It would be affectation to deny there is, or to be more precise there was, discontent in the land. But discontent among Indians—the mildest, the simplest, the most loyal and law-abiding, the most easily satisfied people in the world—affords food for reflection to the far-sighted statesman. It proves the existence of legitimate grievances, at any rate of unsatisfied desires and aspirations. But British statesmanship has proved equal to the occasion. Government has now dealt a death-blow to anarchism, not by repression, but by liberal political concessions; it must in course of time die of inanition. The publication of the Reform Scheme for the first time during the last three years gave incontrovertible proof of the continuance of that solicitude for the goodwill and the advancement of the people which has ever been associated with British rule in India. Naturally despair was dispelled, confidence was restored, the national heart leaped with joy at the sight of the glorious dawn of a new and brilliant future. Hence the unprecedented jubilation. The voice of discontent is stilled, rancour is drowned in joy. It would be a pity, my Lord, if anything supervenes to check this outburst of national joy. But nothing is better calculated to produce this unhappy result than the action since taken by British statesmen. The introduction of the principle of class representation on the basis of the fancied importance of Mahomedans has at once taken away the chief merit of the Scheme, and given umbrage to the great non-Moslem communities of India. My Lord, I am not a Hindu; I am under no personal obligations to the Hindu; I do not hold his brief; I bear no animosity to the Mahomedan. My remarks are grounded only upon my conceptions of the political necessities of the situation. And I shall be wanting in duty if I do not say that I fail to see the justice and the wisdom of Lord Morley's concessions to Mahomedan demands. Religion is widely apart from politics, and once the religious element is eliminated from the discussion, I do not understand how Hindu interests are opposed to Mahomedan interests in politics. I shall be glad to know what these so-called Mahomedan interests are. I cannot conceive them. It is a mistake to suppose that the bulk of the Indian Mahomedans are separated from their Hindu congeners by any sharp cleavage of race and tradition. In their present backward state they cannot have better representatives than Hindus. Where there are deserving Mahomedans they have as good a chance as Hindus. In Municipalities, Local Boards, District Boards and the Legislative Councils, Hindus and Mahomedans have so far worked hand in hand and shoulder to shoulder in cordial co-operation; there has never been any complaint on the score of ineffective representation, and never any demand for separate election. Even now Mahomedan opinion is by no means unanimous on the point. Why then should this wholly novel and invidious principle of election be introduced into the Reform Scheme, in supersession of a method which has so far produced excellent results, and in disregard of the fact that ample provision was made in the Scheme for the adequate representation of minorities? And what would be the result? Separate representation in all stages must be productive of considerable heartburning among the different communities who constitute the Indian people, will interfere with administrative efficiency, and what is perhaps the greatest of evils, will accentuate and perpetuate racial differences and prevent for all time to come the formation of one united Indian Nation; in other words, will produce results the opposite of what has been the objective of British Indian statesmanship so long.

" My Lord, the question of comparative importance raises important issues and can only be the source of perennial quarrel among the different communities

of India. There are communities—the Sikhs, the Rajputs, the Mahrattas—who have each as great a record of past services and past greatness as any in India. The Parsis, about whom such flattering things were said in the House of Lords, and the progressive domiciled Anglo-Indian community are likewise important. Once this contentious and invidious method of representation is accepted, how are the conflicting claims of these various communities going to be settled? If Mahomedans are granted separate representation, with what justice, with what fairness, can the privilege be denied to the other great communities? And where is all this to end in a country like India peopled as it is by a congeries of innumerable sects and races? And is this method practicable? Really this is a step well calculated to damp the popular enthusiasm for the Reform Scheme. Add to this elimination of statutory provision for the creation of Provincial Executive Councils with the resultant prevention of the popularisation of Provincial Administration, and I should not be surprised if the popular feeling oscillated back to the point from which it turned to greet with such genuine enthusiasm the Reform Scheme. That would be a disaster. My Lord, the action of the House of Lords is viewed by the people with keen and bitter disappointment, and some of the reasons advanced by noble lords opposing the measure have caused them great distress. My Lord, the people have just cause to resent their wholesale condemnation on the grounds of unfitness and incapability of impartial and dispassionate criticism in spite of their proved capacity and impartiality in difficult and delicate spheres of action. But they have one consolation: They feel they have in Your Excellency a champion of their cause, who will do all in his power to ensure them a bright future. I hope, too, the Provincial Governments will rise equal to the occasion, and by the weight of their favourable opinion facilitate the reinsertion of the deleted clause in the India Councils Bill. The people attach great importance to it, and nothing will satisfy them except its reinsertion. Mahomedan opinion coincides with Hindu opinion in the demand; the voice of the nation is unanimous. What is the danger, my Lord, in having a clause of that kind? It seeks only to vest a certain discretion in this Government which is absolutely necessary in view of the engrossing work of Parliament and its want of leisure to deal with Indian matters with that promptitude which their importance demands. Government may be trusted to use the discretion with care and proper consideration of local conditions and in consultation with the Local Government concerned. Why then the meaningless opposition to a wholesome provision? The Decentralisation Commission also recommends the reform.

"My Lord, from the generous spirit in which the Reform Scheme has been conceived and the expression of official conviction that we 'shall never again have the combination of a Viceroy and a Secretary of State who are more thoroughly in earnest in their desire to improve Indian Government, and do full justice to all bodies of the Indian population,' one would expect that, with a view to ensure the pursuit in future of the same liberal policy, all the comprehensive reforms should be placed on a firm statutory basis. The policy, my Lord, of leaving important details of administrative reform to be settled by regulations is of doubtful wisdom. Regulations, however high the source, have not the authority, the force, and the permanence of a Parliamentary enactment, and are liable to be rescinded at Executive will. So long as the happy combination continues there need be no fear; but when we have an unsympathetic Executive—by no means an unlikely contingency—the rights and the privileges secured by regulations may be considerably whittled down for no fault of the people. My Lord, not long ago even Her Gracious Majesty Queen Victoria's Proclamation of 1858, stamped as it is with Royal imprimatur and invested with the authority of age, was sought to be explained away in this very Council. What is the guarantee then that mere regulations will command greater respect in future? It will be a wise policy to have all the important concessions so generously proposed to be granted to Indians by the Reform Scheme well and truly laid upon a solid bedrock of legal provision.

"My Lord, in any general scheme of reform provision ought to be made for, what is technically known as, the separation of Judicial and Executive

Functions and the appointment of trained lawyers as District and Divisional Judges. My Lord, after the Hon'ble Sir Harvey Adamson's clear pronouncement on the subject in this Council on 27th March 1908, the public expectation ran high, and it looked as if Government had finally made up its mind to introduce the much-needed reform of the separation of the functions. The Hon'ble Member's reply to my question on 5th February last, however, has disappointed hopes. Will it not be wise to push this reform if only with a view to conciliate public opinion? May we hope to have the chance of associating this reform with Your Excellency's honoured name? The wisdom of the other reform will doubtless suggest itself to Your Excellency. It is everyway desirable that the administration of justice in the interior should be in the hands and under the control of trained lawyers. The popularity of Government largely depends upon the administration of justice, and too much care cannot be taken to place it above suspicion and to secure for it popular confidence.

"My Lord, the Government reply to my question about the creation of a Legislative Council for the Provinces I have the honour to represent in this Council is disappointing to a degree. The abandonment of the scheme of Advisory Councils leaves the only alternative of a local Legislative Council for the 'assistance and support of public expression of views on public affairs' which the Hon'ble the Chief Commissioner desires to have. The Hon'ble the Chief Commissioner, in his admirable Note on the Government of India's Reform Proposals, further admitted that a local Legislative Council was demanded by 'advanced public opinion.' Why then should the proposal not find favour with Government? The measure cannot surely be productive of harm. Your Excellency will pardon the freedom of their representative if he takes the liberty to point out that the people of the Central Provinces and Berar have been left in the cold shade of neglect in the Reform Scheme. In the bountiful shower of gifts they only have been overlooked. Even the right of election enjoyed by the other Provinces has been denied to them. When all Indians elect their own representatives to the Legislative Councils they alone must remain satisfied with nomination. Surely the Central Provinces and Berar have sufficient enlightenment and public spirit to deserve this right? May not they then expect the concession? The bigger Municipalities and District Councils, at any rate, can be expected to soundly exercise the right.

"My Lord, the first step in the Reform programme has already been taken by the appointment of an Indian to the Executive Council of the Government of India. We hail with pride and joy this announcement, and I take this opportunity of expressing the country's gratitude to Your Excellency on this appointment. I congratulate the Government of India on the excellence of its choice, and I also offer the nation's greetings to the recipient of the honour for the noble sacrifice he has made to serve his country.

"All told, my Lord, the year has been one of steady progress. Trouble and tribulation, anarchy and repression, punitive police and drastic legislation, secret plottings and deportations have darkened the sky; the ship has tossed and lurched in the storm; but the captain has been vigilant all through; the port is at last within sight. And when the history of the past three years comes to be written, Your Excellency will occupy the foremost place in it as a statesman who, with a heritage of trouble and difficulty that might well daunt lesser spirits, with vision unclouded by passion or prejudice, with rare courage, through good report and evil report, has worked unweariedly for the good of the millions placed in his charge, and by wise and timely concessions has consolidated the foundations of the Empire and fixed it firm on the affections of a grateful nation."

The Hon'ble Mr. ANDREW said:—"My Lord, while I regret the necessity which compels the Hon'ble the Finance Member to adopt a policy of retrenchment I must refer with gratification to the fact that the Government of India in fixing the Madras estimates for 1909-1910 have not made any material alterations in the Budget submitted. I learn with satisfaction that Madras will

realize a surplus in this year of general financial depression, but I note with some concern the remark in the Financial Statement (paragraph 142) that the Provincial balance is considered ample. It is true, my Lord, that the current year is expected to close with a balance of 114 lakhs, and this is due in large measure to that tradition of economy and careful management which the Hon'ble the late Finance Member in the last Budget debate said had long characterized Madras administration, and which has led to caution in embarking on promising schemes, involving considerable initial and recurring expenditure until such arrangements could be made as would ensure in the long run the fullest regard to efficiency and economy. My Lord, though the balance is comparatively large, the Government of Madras foresee no lack of works and schemes of permanent utility upon which to expend it, not forgetting that in utilizing balances they have to be careful to select objects which will not entail recurring expenditure beyond their normal resources. The development of agricultural, industrial and technical education, and of reforms in the Forest and other departments will impose contingent charges for which it will be necessary to draw largely upon the balances. The high prices of food-grains have necessitated the grant of compensation to Government servants which in the current financial year will amount to about 12 lakhs under Provincial heads alone, and this drain upon the balances may have to be continued in the coming year longer than was anticipated.

"My Lord, last year the Hon'ble the then Finance Member held out hopes of relief to the Bengal Government, on the return of favourable times, in respect of grain compensation, in consideration of the facts that no provision was made for it in the Provincial settlement and that it amounted to 9 lakhs, and I trust that the Hon'ble the present Member may see his way to holding out like hopes to Madras which also has, I think, claims in each of these respects.

"I would urge, my Lord, that expenditure of this sort, in so far as it may be considered the result of famine, should be met out of the annual assignments made to Local Governments under the arrangements detailed in paragraphs 48 to 57 of the Financial Statement for 1907-1908.

"May I express the earnest hope, my Lord, that early orders may be passed soon on the scheme for the revision and redistribution of District and Divisional charges, a reform which is urgently called for in the interest of efficient administration? The report of the Decentralisation Commission and the reform proposals now under discussion will shortly result in an enormous addition to the labours of district and other officers who were already in need of relief when Mr. Meyer formulated his proposals some years ago.

"I should like to draw Your Lordship's attention to the unsatisfactory position in which District Boards in the Madras Presidency stand in regard to Railway enterprise. Up to the present over 150 miles of railway have been constructed by these Boards at a cost of over 70 lakhs; and the Railway Cess levied in ten districts under Madras Act VI of 1900 has accumulated to an amount sufficient to construct 60 or 70 miles, while the annual revenue arising from the incidence of the tax would suffice to raise in the open market a capital sufficient to construct about 200 miles of railway. Besides this, the Tanjore District Board—described by the late Viceroy as the pioneer of local railway enterprise in India—sets aside annually a large proportion of the net earnings of its railway for the purpose of further construction, and if this practice is pursued, as it doubtless will be, by other Boards when the lines projected by them are earning surplus profits, they will be in a position to raise further capital for other branch lines. The money thus accumulating cannot be diverted to other purposes, and District Boards are anxious to proceed with the work of railway construction but are discouraged by the decision of the Secretary of State that lines constructed from loans obtained by a Local Board from Government fall under the Imperial programme of railway construction.

"My Lord, it is hopeless to expect any steady progress in lines of the class contemplated if Local Boards are subject to the restrictions imposed by the

[*Mr. Andrew; Mr. Macleod.*]

Secretary of State as they are by their nature of secondary importance from the Imperial point of view, though of the greatest importance locally. As an instance I may mention the Bezwada-Masulipatam line which was constructed by means of a loan from the Provincial Loan Account just before the Secretary of State's ruling was issued. This line, which was opened for traffic only a year ago, is already earning 7½ per cent. and is of the greatest benefit to the district, and brings in, I imagine, a considerable amount of traffic to the Madras and Southern Mahratta Railway, while the Provincial Loan Account is making 4 per cent. on the loan. Had this line not been built before the Secretary of State's ruling was issued it would have had to be included in Imperial programme, and its construction would have been deferred in all probability for years to the loss of the district and probably also of the parent line. I would therefore urge, my Lord, that the Secretary of State be moved to modify his ruling in such a way as to permit some small definite loan, say up to 15 lakhs, being made annually from the Provincial Loan Account for the construction of railways by Local Boards without including them in the Imperial programme.

"Another discouragement under which District Boards in Madras labour arises from the difficulty and delay they experience in obtaining satisfactory terms for the construction and working of the projected lines from the Suoth Indian Railway Company. It may be that the interests of a Railway Company would in some instances be better served by postponing indefinitely the construction of a line—however desirable in itself—with a view to its eventually becoming an integral part of its own system, but such a line of action, however reasonable from the point of view of the Company, would not be justifiable in view of the encouragement given to District Boards to tax themselves in order to obtain facilities for railway construction. I would specially mention the case of the Tinnevelly-Tiruchundur Railway, about which negotiations have been proceeding for over 2½ years, and I would press, my Lord, for early and satisfactory settlement of terms between District Boards and the Railway Company."

The Hon'ble MR. MACLEOD said:—"My Lord, while the greater part of the civilized world has been passing through a most serious depression in trade, it was hardly to be expected that in India the revised estimates for the current year should show anything but a deficit. This deficit has unfortunately been increased owing to the fact that the unfavourable conditions which existed in the previous year have had more far-reaching consequences than could have been foreseen when those estimates were framed. On the other hand, duty has been paid this year in Bombay on nearly 20,000 chests of opium in excess of the permissible export so that well over a year's revenue from this source has been received in advance. The Hon'ble Finance Member must therefore be congratulated on having the courage to base his estimates for the coming year on existing sources of revenue without increasing taxation.

"Further, the Financial Statement is calculated to inspire confidence. The Chambers of Commerce will note with satisfaction that Government are intent on building up our stock of gold. A few months ago when the balance of trade set against India and merchants were clamouring for gold it was said that if they had only known they could get what they wanted, they would not have needed to ask for it. It was the fear that they could not get it that dominated the situation. The conversion of the unfortunate 3 per cent. rupee loan must tend to strengthen the credit of Government and again the Chambers of Commerce are to be congratulated on Government having acceded to their request, while it cannot be said that the terms offered to the holders of this loan are unreasonable. The fact that the amount available for Railway development has had to be reduced by 2½ millions below the amount recommended by the Committee on Indian Railway Finance emphasises the necessity for enlisting private enterprise. I cannot quote a higher authority on this question than the Hon'ble Mr. Proctor, who recently in his address as retiring Chairman at the Annual Meeting of the Bombay Chamber of Commerce pointed out that Government must reap considerable benefit

by encouraging local private enterprise; that it would enable feeder lines to be built long before they otherwise would be if they were to take their place in the Government programme; that the construction of these lines would bring more land into cultivation and that by attracting rupee capital Government would so far prevent an increase of the gold indebtedness and would afford the people of this country an opportunity of having a stake in its welfare and development. These arguments seem unanswerable. And while I am dealing with railways I should like to draw the attention of Government to the complaint of the Chairman of the Bombay Chamber of Commerce that they do not know to whom to go for expert information and advice, now that the post of Consulting Engineer to Government has been abolished and apparently the post of Secretary to Government in the Railway Branch as well. Bombay has frequently complained in the past that in spite of the whole-hearted support of the Local Government her claims to be heard on the question of railway development have not been given that consideration to which by reason of her position and trade she is entitled, and so it is to be hoped that the situation will be watched and that if the delay, inconvenience and constant misunderstandings now apprehended by the Chairman of the Chamber are actually caused by this change, a remedy will be found.

"It is satisfactory to note that it is possible to allot in the coming year the full moiety of the Famine Relief and Insurance Grant for expenditure on Protective Works, but the Financial Statement appears to be silent as to how the allotment will be distributed. There must no doubt be degrees of urgency, but the works which are destined to relieve certain districts in the Deccan plateau in which famine is almost chronic deserve very great consideration. I understand that a new system has been devised for these districts which, it is hoped, will induce a more constant demand for water for irrigation from the cultivators and thereby reduce the loss which usually results from protective works when the monsoon rains are plentiful. If this can be done, there is all the greater necessity for allotting sufficient funds for the completion of the Deccan schemes within a reasonable time. Lastly, those persons who have been recently exhibiting a somewhat pardonable curiosity as to the results of the labours of the Stores Committee appointed in 1906 will be gratified to find that directions have been received from the Secretary of State which should prove beneficial to local industries."

The Hon'ble RAJA SIR ALI MUHAMMAD KHAN said:—"My Lord, the anxiety which prevailed as to the character of the budget before it was laid on the table has not been much relieved by its perusal. But I find that deficits are the order of the day all over the world. The revised estimates show a deficit of 5½ crores as against the surplus of 86 lakhs budgetted by the Hon'ble Sir Edward Baker. The causes which have contributed to the financial depression appear to be such as could not have been foreseen and over which Government had no control. I am however glad that the Hon'ble Member for Finance has been able to budget for a modest surplus of 35 lakhs next year and congratulate him on the courageous manner in which he has met the situation as well as on the wisdom of the course which he has followed in not resorting to increased taxation. The shadow of the famine has not disappeared from my province yet and it is always more or less associated with other forms of suffering. In August last we were visited by an epidemic of malarial fever unprecedented in its severity. The epidemic lasted till the end of December and claimed a far heavier toll of human life than any epidemic of plague in previous years, the total number of deaths amounting to over thirteen lakhs. Sir John Hewett, with his characteristic foresight and energy, caused an inquiry to be instituted into the causes of the outbreak; but no satisfactory results have been arrived at yet. So widespread was the epidemic, that agricultural operations came for the time being to a standstill, and when they were resumed the sowing of the spring crops was much delayed. The area sown was comparatively small and owing to the partial failure of the winter rains the outturn of the rabi cannot be estimated at more than 85 per cent. of the normal in the larger part of the provinces, while in the north of

[*Raja Sir Ali Muhammad Khan.*]

Oudh things are much worse. Conditions such as these cannot be deemed favourable to a decrease in the price of food-grains, and the extraordinary disturbance of economic conditions which we have witnessed of late is not likely to disappear at an early date. In reply to a question put by my Hon'ble Colleague Mr. Dadabhoy at the meeting of the 15th January last, with regard to the abnormal rise in prices, the Government were pleased to say that the subject was engaging their careful attention. I am afraid the Hon'ble Member for Finance is too sanguine when he anticipates an appreciable fall in prices as a consequence of 'a favourable agricultural position' as experience has belied such expectations in the past. The question is becoming one of extreme gravity for the middle classes, and though I recognise its complexity, I trust that this consideration alone will not deter the Government from instituting a thorough enquiry. I may mention that His Honour the Lieutenant-Governor of the United Provinces has announced his intention to summon a conference during the monsoon of this year to consider what action can be taken by the Government in connection with the rise in the price of milk and ghee. It is time that the question was made an Imperial one.

"My Lord, I have read with satisfaction paragraphs 43 and 44 of the Financial Statement which announce the decision to abolish the special grant to the army and to restrict the limits of military expenditure. But the present year appears to me to have been most unsuitable for the increase in the pay of the Indian Army. It is true that a slight reduction has been effected in the budgetted expenditure of the current year, but the figures for the next year show an increase of 23 lakhs. So far the expenditure has gone on increasing year after year, as a comparison of the figures which I give below will clearly show :—

	£
1899-1900	16,168,763
1900-1901	16,365,886
1901-1902	17,222,495
1902-1903	18,852,283
1903-1904	19,540,667
1904-1905	21,906,377
1905-1906	21,056,411
1906-1907	21,587,103
1907-1908	20,415,787
1908-1909	20,557,700
1909-1910	20,708,200

"It has risen by 13 crores or 28 per cent. during the past 10 years. The need for a retrenchment in this direction has been urged in this Council before by much abler men than myself, but I may be excused for making a reference to a matter which is cognate to the question at issue. I mean the Ecclesiastical charges of the Army. They do not only show a considerable rise during the same period, namely, from 1899 to 1910, but I submit that they need not form a charge on public revenues at all. It seems to me to be opposed to the well-defined principles laid down by Government themselves that they should take no part in matters of religion, be it of the ruling class themselves. If they recognise the obligation to provide facilities of religious worship for the British soldier, the other classes of people represented in the Army have a right to make a similar demand. It is hardly justifiable that any portion of the revenues contributed by people of diverse creeds should be devoted to the spiritual well-being of the British soldier. I think his religious welfare can well be left to Missionary societies instead of being made an item of charge on the general revenues which are already heavily burdened with an excessive and ever-growing military expenditure.

"But I am chiefly concerned with the effect which the present situation has on the finances of my province. They were reduced to a condition verging on bankruptcy, and if the Imperial Government had not come to the rescue of the Local Government by making a special assignment of 41 lakhs to restore the minimum closing balance, the latter would have closed the year with a deficit

balance of 21 lakhs. My Lord, I am thankful for the assistance given to the Local Government by the grant of 4 lakhs for Police Reforms. It is also gratifying to learn that the new Provincial settlement has been concluded, but I would respectfully submit that it does not much improve the financial position of the Local Government. The province was parsimoniously treated in the past; the standard of expenditure kept in sight was low and its needs were not fully recognised. The result was that it remained comparatively backward in all respects and there is vast ground to make up in consequence of the policy pursued in the past. The grant of 10 lakhs which has been made to the province is earmarked for the new hospital to be attached to the medical college at Lucknow. There is no initial assignment to enable the Local Government to carry out the much-needed educational and medical reforms. It will be impossible for it to meet the many pressing needs unaided in order to bring up the province to the standard of other advanced provinces unless the Government of India extend their generosity in future as they did this year in order to relieve the stress caused by famine.

"My Lord, it will not be going too far to say that of all the problems which affect the welfare of India, there is none of greater moment (next to its peace) than education, but there are no improvements which are so often relegated to an indefinite future as those connected with it. The Progress Report of Education in India, 1902-1907, which has just been issued is a record of substantial improvement if compared with the period which preceded the quinquennium. It shows a considerable increase in primary schools both in number and strength, but it is admitted that the increase is not proportionate to the demand. A similar tale is told by the report on Public Instruction in the United Provinces for the last year. It records an increase of 172 in the number of primary schools and of 41,847 in that of scholars. 'But speaking generally,' says the report, 'the supply of educational facilities has been unable to keep pace with the demand.' While acknowledging gratefully the efforts which have been made by Government in the expansion of primary education and in raising the level of education in general, I submit that they have proved inadequate. The absence of provision in the next year's budget of the cost of free primary education is apparently to be accounted for by the present state of finances. In my opinion the importance of the task exceeds its magnitude and difficulty, and I earnestly hope that the realisation of the prospect which was held out in 1907 will no longer be delayed when easier financial conditions prevail. As regards secondary education in the United Provinces, it calls for urgent reforms which mean increased expenditure. The schools are generally badly equipped. The furniture, such as there is, is a disgrace to modern carpentry; the apparatus for teaching is insufficient and accommodation inadequate. There is everywhere a cry for new buildings and additional classes. The inefficiency of the teachers is in keeping with the low rate of pay offered to them. The resources of the district boards are severely taxed and yet they cannot find sufficient room for the scholars seeking admission to vernacular schools. The keen interest taken in all forms of education by Sir John Hewett has led to the introduction of certain improvements. Of these the conversion of the High Schools at the head-quarters of the districts into Government Model Schools is a necessity which cannot be long postponed, but the proposal has not been given effect to for want of funds. My Lord, the resources of a provincial Government are limited and even under normal conditions it cannot cope with the demand which is being made upon it now for the spread of education. It will be a sad thing to crush the demand for English education which is growing everywhere through lack of encouragement. There is room for economy in other directions but to effect economy at the cost of education means a check in the moral and material growth of the country. My Lord, when the opportunity comes the grant of additional expenditure for carrying out the improvements in secondary education will be a great boon to the people of the United Provinces, and I strongly hope that their requirements will not be forgotten. I may add here that a great impetus has been given to industrial and technical education in my province by Sir John Hewett. The reluctance which characterised the educated middle classes formerly in availing themselves of the advantages of such education is fast disappearing and

[*Raja Sir Ali Muhammad Khan.*]

commerce and industry are taking a higher place in their estimation. I venture to hope that the proposals for the establishment of a technological institute in the United Provinces when sanctioned by the Secretary of State will receive the financial support of the Government of India. The problem which is staring the Government in the face is that of devising means for the provision of industrial and technical education in the country on a large scale. I sincerely trus that the situation will be faced in a liberal spirit as times permit.

"My Lord, I may be allowed to say one word in regard to railway construction. I believe that Government is not unaware of the fact that a series of collisions occurred during the last year on different railway lines. The most appalling of these accidents took place at Dasna in Meerut District in the beginning of the hot weather. It resulted in an unusually heavy loss of life and property and was the subject of a protracted Government inquiry. The Railway Board came to the finding that it was an 'act of God'. My Lord, if human foresight can avert such dangers without shifting its responsibility to higher powers, I think the fact should not be blinked. The chances of a collision are extremely minimised where there is a double line. In the interest of public safety I would urge the necessity for the doubling of the line on the Oudh and Rohilkhand Railway and would suggest that the work may be included in the programme for raising the standard of the existing railways.

"My Lord, I now come to a subject on which a great deal has been said before and to which I can add nothing new, but my excuse for referring to it is the fact that it threatens to become a standing grievance. I mean the Asiatic difficulty in the Transvaal. Matters have not advanced much since the decision of the Transvaal Government was announced in the House of Commons by the Secretary of State for India on 31st January 1908, in regard to the registration of Indians. The position of the British-Indians in the Transvaal reminds one of the position of Jews in ancient Europe when every attempt was made to extirpate them from the face of that country. The problem with which the Indian Government is confronted is not merely how to reconcile the claims of the Indians as citizens of the Empire to settle in a self-governing colony; but in it is involved the larger and more important issue of the relations of the white to the coloured races in general. The treatment which the Indians are undergoing there is a reflection on the white race and is a source of great irritation to the people of this country. Their recent deportation from South Africa has afforded a fresh cause for excitement. In my humble judgment a thorough overhauling of the whole question of Indian migration into British Colonies is extremely desirable. I would respectfully suggest that as trustees of Indian interests, Your Lordship's Government will keep pressing on His Majesty's Government the necessity for the removal of those restrictions which are debasing to the Indians in the Transvaal and excite feelings of bitter resentment in this country.

"My Lord, speaking at this time last year the Hon'ble Sir Harvey Adamson announced the intention of the Government of India to give a trial to the separation of the judicial and executive functions in the two Bengals. The results of this experiment will be watched with close interest in other parts of the country. I can realise fully the financial difficulties which are in the way; but I hope that the importance of the question will not be lost sight of as soon as the pressure has diminished.

"My Lord, I cannot conclude without a retrospect of the violent unrest which we have lately experienced. There were moments when we seemed to be standing on the brink of a disaster owing to the frequent display of brute force and to the 'arrows that flew in the dark,' probably the work of a misguided few. To uphold the authority of law, to soothe the public mind which was in a state of tension, and, at the same time, to formulate a scheme for constitutional reform, were the trying tasks which befell Your Lordship's Government. Never before has a Government placed under similar circumstances faced so difficult a situation with such a remarkable success. At the commencement of the present session, Your Lordship's Government was forced to resort to coercive legislation. When I supported the Summary Jurisdiction Bill I did

[*Raja Sir Ali Muhammad Khan; Nawab Saiyid Muhammad.*]

not do so merely because it was a measure emanating from Government, but because I was convinced that it did not in any sense indicate a departure from the fixed policy of peace and progress which has characterised Your Lordship's Government. That repression was necessary at the time, later events have fully demonstrated; and that I was not wrong in judging the scope of Government action, is proved by the fact that the new law has not been applied wholesale. The close of the year saw the promulgation of the long-waited reforms which were received with a feeling of intense relief and to quote the words of Lord Morley with 'various degrees of approval'. Harmony is often evolved out of chaos. So the reforms may be said to have brought peace and good will with them. As an Indian member of this Council, I desire to express my deep gratitude for the generous recognition of an extended right of representation and for Your Lordship's benevolent solicitude for the welfare of the country. Opinions may differ as to details; but no one can fail to appreciate the liberal spirit underlying the reform scheme and the new era of possibilities which it bids fair to provide. Destructive criticism in any quarter, at this stage of affairs, cannot but be productive of more harm than good. I hope at least that we have no 'Adullamites' at the present moment in this Council. My Lord, we are entering upon a new and important phase of administration. The best qualities of the head and heart will be called forth on the part of those who have to give practical effect to the proposed reforms as well as on their part who have to prove themselves worthy of higher responsibilities. If the efforts on both sides are sincere, they will be crowned with success. With regard to the deletion of clause 3 of the India Councils Bill by the House of Lords, Your Lordship's Government has justly recognised the necessity for creating Executive Councils in provinces where their existence may be justified by circumstances and the action of Your Lordship's Government in expressing its adherence to the provisions contained in the clause in question has given satisfaction. I take this opportunity of congratulating my countrymen on the appointment of the new Law Member and of thanking the Government for having made a concession to merit. The people of other provinces might well lay this example to heart and strive to come up to the level of educated Bengal. My Lord, I cannot here help asking myself whether political concessions will bridge over 'the tremendous chasm' that separates the rulers from the ruled? If I understand rightly, the superiority of the white to the coloured races consists in the moral uplifting of the latter by the former. It is a noble task, but it cannot be achieved through political machinery alone. It is a healthy sign of the age that the evils of aloofness between Europeans and Indians are being recognized on both sides. But the advances must be mutual. I would ask my countrymen to rise equal to the occasion and would appeal to the ruling class to meet us half-way. If the day ever comes, when racial prejudice has ceased to affect our mental vision; when colour is no longer recognized as the stamp of moral and social inferiority; when the Indian learns to realise that a bond stronger than that of territorial subjection exists between him and his rulers; when official restraint has given way to a free interchange of ideas; when want of confidence is displaced by a better understanding; when the call to duty meets with a true response on one side and real grievances evoke genuine sympathy on the other, it will be the Reform of Reforms."

The Hon'ble NAWAB SAIYID MUHAMMAD said:—"My Lord, the Hon'ble the Finance Member deserves our genuine sympathy in the very difficult task he has been called upon to undertake. He has had to frame what has been called an adversity budget—the first of its kind since 1897-1898. During the decade that has produced what is called prosperity budgets, one sees much unnecessary expenditure and in spite of solid achievement in remission of taxation—with which the name of the Hon'ble Sir Edward Baker will be honourably associated—the feeling has been encouraged to grow up that every budget is bound to bestow largesses, grants and so forth. That, my Lord, is in the highest degree demoralising. 'The ideal of State economy,' as Bastable in his famous work on 'Public Finance' says, 'is, on the contrary, to establish a balance between

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receipts and expenditure. A State that has very large surpluses is as ill-managed as one with large deficits. The practical rule is to aim at a slight excess of receipts over outlay in order to prevent the chance of a deficit. The position of the State as drawing its resources from the contributions of the several private economies under its charge is the reason for this course of conduct.' That leads me, my Lord, to quote the wise observation of Sir James Wilson that finance is not mere arithmetic, but a great policy. 'Without sound finance, no sound government is possible; without sound government, no sound finance is possible.'

"My Lord, as we are at the beginning of a great era which would undoubtedly tend to strengthen sound government in India let us earnestly trust that we are also going to have sound finance, and I am indeed glad to see indications of sound finance in the rigorous pronouncement of the Hon'ble the Finance Member in favour of retrenchment of expenditure. I sincerely hope this pronouncement is not wrung from the Hon'ble Member simply because he is confronted by a large deficit and that under different conditions he will not lapse into the habit of seeing in increased expenditure an incontrovertible proof of growing prosperity. Addressing this Hon'ble Council in March 1907, I ventured to state: 'The relief to the tax-payer can be but temporary unless the Government enters upon a bold policy of retrenchment. So that the reduction of revenue which we anticipate may be met without embarrassment.' . . . 'The claims of the services are insistent and oftentimes overpowering. But the new situation forced on the Government—I refer more especially to the possible extinction of our opium revenue—indicates the path along which progress must be made, so as to bring revenue into reasonable correspondence with expenditure. The curtailment of expenditure, especially on the services, is both a political and a financial necessity.' My Lord, this time there is no relief to the tax-payer; rather the Hon'ble the Finance Member is disposed to take some credit for not asking for a rupee of extra taxation and for meeting his difficulties by retrenchments. If I may venture to say so, these retrenchments are but temporary expedients. To do the Hon'ble Member justice; in the concluding paragraph of his Budget Statement I find him saying that he can 'see no reason why, with a due regard for economy, favourable harvests and a period of peace, we should not look forward to a return of that prosperity which has characterised former years.' Let me lay stress for a moment, my Lord, on due regard for economy. That, at any rate, is not beyond the control of Government. As the Hon'ble the Finance Member tersely puts it, estimating in this country is largely a gamble in rain. All estimates have necessarily to be based upon a normal rainfall, but no two years have passed in succession in which the rainfall has been really normal. Even at the present moment there is distress in parts of the country and relief works have been opened. This is as regards estimating revenue. But estimating expenditure is largely a matter of prudence and foresight. 'Let us spend while we may, and let us retrench because we must,' does not seem to be the acme of financial wisdom. Assuming, however, that the monsoon will not fail in the forthcoming year and there will be a normal rainfall, that alone will not restore the equilibrium of Indian finance unless there is a general improvement in trade so that the railway receipts may not again fall short of the estimates. As regards the collections of arrears and suspensions of land-revenue, these again are dependent upon a seasonal and normal rainfall. On the whole the Hon'ble Member takes the right view of the situation when he says that it would be clearly imprudent to speculate on too rapid a recovery in revenue.

"My Lord, I venture to call attention to the enormous increase in administrative charges in recent years. Not all these increases can be justified. Mr. Parnell in his well-known work on 'Financial Reform' says: 'Each public department stands prepared to give the most confident reasons why it is absolutely necessary to keep up the scale of its expenditure to the exact point at which it now is.' Speaking on the Budget two years ago, the Hon'ble Sir Edward Baker—whom it gives me sincere pleasure to see as the Lieutenant-Governor of Bengal—said: 'I have now been connected with the Finance

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Department of the Government of India for five years continuously, and during the whole of that period I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the reorganisation of some department or to an augmentation of their numbers. All experience proves that wherever revision is needed, either of strength or emoluments, the Local Governments and the Heads of Departments are only too ready in bringing it forward. Nor are the members of the various services at all backward in urging their claims.' And His Honour concluded: 'I cannot in the least recognise the necessity for imparting an additional stimulus to this process. On the contrary, I believe that all that is necessary is continuously being done. In this view I welcome the remarks of the Hon'ble Saiyid Mahammad, though I am not very sanguine that the urgent needs of India will permit of any actual reduction.' I submit, my Lord, this subject deserves to be carefully inquired into, for we are on the eve of great changes, probably necessitating increased expenditure. It is a matter for the consideration of Your Excellency's Government whether it is not time that small departmental committees were appointed to go into the whole question. It is a pleasure to me, in this connection, to note that the Decentralisation Commission points out in paragraph 432 of their Report how the Secretariat establishments (both Imperial and Provincial) have grown in bulk unnecessarily. The Commission, while admitting that the increase in establishments represents increase of work which is inevitable in consequence of the material, intellectual and political advance of the country bringing up new questions or necessitating the reconsideration of old ones, emphasise the fact that there has been an unmistakeable tendency on the part of all Secretariats to interefere in unnecessary detail with the action of the authorities subordinate to them. In this direction and in many other which I need not dwell upon, considerable reduction of administrative charges can and ought to be made. The necessity for retrenchment is emphasised not only by the growing contraction of the revenue from opium and any mere temporary embarrassments of Government but by the fact repeatedly dwelt upon by the Decentralisation Commission that 'the growing material, intellectual and political advance of the country' has brought up new questions or necessitated the reconsideration of old ones. New developments in education have recently been suggested; in fact, we want a fresh stimulus imparted to every branch of educational work. Free primary education is in a state of suspension for want of funds. Local Governments who had shown commendable zeal in submitting proposals for the development of secondary and collegiate education have precipitately withdrawn their proposals, when they found what their educational reforms would cost. Throughout the country there has been a cry for industrial education and 'industrial surveys' have been officially undertaken and industrial conferences held for the consideration of questions bearing upon the industrial future of the land. It is evident that things cannot remain where they are,—all these surveys and conferences must yield some practical results. Funds are urgently wanted for these objects, and funds should be found for them, for the Government cannot afford to ignore the growing demands of the country in this respect.

"The Hon'ble the Finance Member has refrained from making any specific reference to the question of sanitation. The small grant made last year for this object has not been renewed this year, although there is an increase in the medical charges, to provide for 'a more active programme of sanitation'. There is perhaps no problem comprised in the vast range of problems connected with rural prosperity so important as the problem of improved sanitation. In paragraph 3 of the Financial Statement the Hon'ble the Finance Member refers to the recent deplorable outbreak of malaria in Northern India, 'which caused considerable mortality in some tracts and greatly debilitated the agricultural population, hampering the harvesting of the autumn and the sowing of the spring crops.' That is adequate testimony to the importance of the careful consideration of the subject. Hence, the

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supreme necessity, even from a purely financial point of view, of taking measures to organise sanitary works on a large scale. This problem of rural prosperity must be solved, and its solution depends almost entirely upon the Hon'ble the Finance Member's ability to provide funds.

"That leads me to consider the Hon'ble the Finance Member's budget proposals. In framing his budget the Hon'ble Member says:—'The result has been a sharp arrest of expenditure, both Imperial and Provincial, at no small discomfort to ourselves as well as to Local Governments, and in some cases at a temporary sacrifice of administrative efficiency.' The Hon'ble Member then says:—'But the only alternative was increased taxation, and this, in our opinion, would have been a greater evil.' After more than ten years of unbroken financial prosperity and large surpluses it would be scarcely wise to meet the first appearance of financial adversity by an enhancement of taxation. Recognising the discomfort both to the Supreme and the Local Governments, there can be no question that the wiser and more statesmanlike course has been adopted. But a condition of finance in which the only alternative courses open to a Finance Minister are either to effect a sharp arrest of expenditure, even at the sacrifice of administrative efficiency, or to resort to increased taxation, cannot be considered to be a healthy condition. What is true of Imperial is equally true of Provincial finance. Some of the Hon'ble the Finance Member's remarks upon the excess expenditure—the tendency to outrun their grants—on the part of Local Governments would seem to suggest that the control exercised by the Central over the Local Governments is not constant, or, at any rate, not effective enough, to secure the necessary condition of unity between local and general expenditure. The Decentralisation Commission rightly insist that in no case can the financial powers of the Provincial Governments be so developed as entirely to eliminate the control of the Government of India, since the latter must remain responsible for the general efficiency of Provincial administration and could not allow a province to become hopelessly crippled or involved.

"Whether the small surplus which the Hon'ble Member has budgetted for will be realised or not is more than any one can say, but the position is undoubtedly grave. If there is no call for dark pessimism there is no occasion either for robust optimism. Knowing that the chief causes of fluctuations in revenue are beyond our control, the supreme need of persistent and general economy must be realised, and there will be good reason for congratulating the Hon'ble Member if the depressing experience of the year about to close is not repeated.

"My Lord, I beg to express the earnest hope that Your Excellency's Government will lose no time in investigating the whole subject of the high prices of food-stuffs prevailing. It was understood to be the object of Government to undertake the enquiry and to entrust it to officers of Government acting with outside experts. I do not know what the present intention of Government may be, but I trust an early opportunity will be taken to take the public into the confidence of Government. In view of the great suffering entailed upon certain classes of the population by the high prices ruling and their embarrassing effects upon both the Imperial and the Provincial budgets, it is desirable that an enquiry should be held. In this connection, my Lord, I observe that the Hon'ble the Finance Member anticipates a fall in prices. That anticipation seems to be scarcely justified. Indeed, so far as I am aware, the Provincial Governments do not seem to entertain any hope in that direction.

"I crave Your Excellency's permission to refer to a subject in which the Muhammadan community is much interested; I mean the management and administration of the Muhammadan charitable and religious endowments. We are grateful to the Government for managing these institutions which shows their great solicitude for the welfare of all sections of the Muhammadan population. Sometimes, and in some cases unfortunately, the management is not what it should be, and I would therefore respectfully suggest for Your Excellency's consideration the necessity of asking Local Governments and Administrations for a report on the management of such trusts existing

in various Provinces, and publishing it for general information. Such an enquiry will result in their better management and will also tend to satisfy the religious communities for whose benefit these institutions exist.

"Before concluding, my Lord, I cannot refrain from expressing, on behalf of the Presidency which I have the honour to represent, our most grateful thanks to His Majesty's Government and to Your Excellency for the great measures of reform so happily initiated. I would add the expression of our earnest hope that the scheme of reform announced by the Right Hon'ble the Secretary of State for India, with the warm-hearted support of Your Excellency's Government, may be carried through. It is not too much to say, my Lord, that the whole country is looking forward with eagerness to both the Houses of Parliament acting in unison in supporting the Indian reforms.

"My Lord, it will not be considered out of place if I venture respectfully to congratulate Your Lordship and His Majesty's Secretary of State for India on the appointment of the Hon'ble Mr. S. P. Sinha to Your Excellency's Executive Council for which the whole country is grateful. I feel in common with my countrymen that a great step forward has been taken and a momentous change effected which I hope will be followed by the happiest results."

The Hon'ble MAUNG BAH TOO said:—"My Lord, I am sorry that, owing to causes beyond his control, we are unable this year to congratulate the Hon'ble the Finance Member on the flourishing state of the Imperial finances. It may be hoped that brighter days are in store and that in future years he will present many prosperity Budgets.

"I ask leave to take the opportunity, the only opportunity afforded in the year, of calling attention to the needs and financial situation of the Province which I have the honour to represent. Financially, Burma has fallen on evil times, and I regret that I must ascribe its misfortunes in great part to the terms of the *quasi*-permanent Settlement imposed on the Province in the year 1907. Both my predecessor and myself pleaded, and pleaded in vain, for more generous treatment. The Settlement—it cannot be called a Contract—was concluded on its present basis.

"Now the theory of a Provincial Settlement, I understand, is that certain heads of revenue are shared between Imperial and Provincial, with the intention that expansion of revenue should provide for expansion of expenditure on the public needs. It is not expected that what are called the standard figures of expenditure should remain fixed and unalterable. It is recognized that if proper progress is to be made, with the growth of population and advance on modern lines, expenditure on vital objects such as, for instance, education, sanitation, public works, medical aid, will necessarily increase. In Burma, it has, I think, been recognized that something more than this is required; that for many years the development of the Province has been impeded by want of funds for Provincial expenditure. Even from the most rigidly economic point of view, increased expenditure is required, for it would be productive. In the interests of Imperial, no less than of Provincial, Funds, improvement of communications and the provision of proper establishments would be more than justified. But how has the theory of Settlement resulted in practice in Burma? The standard figures of revenue have been over-estimated and there has been no increase but rather a decrease in receipts under the most important heads. As for expenditure, so far from expansion being possible, notwithstanding that the Provincial balance has been reduced almost to the vanishing point, it has been necessary to place the estimate for public works at more than twelve lakhs less than the standard figures and to effect ruthless curtailment in all departments. The provision for ordinary public works, which experienced officers consider should not be less than 100 lakhs a year, has fallen to 69 lakhs against a standard figure of 80 lakhs. In consequence, establishments have had to be reduced, to the great distress of many persons who will be unexpectedly thrown out of employment; even works in progress have been stopped and no new works can be undertaken; the province must still be a bye-word, as well to residents, official and non-official, as to visitors,

in respect of its communications, sanitation, medical relief, education, contributions to local and municipal funds, all share in the common reduction and depression.

"My Lord, I hope I may be pardoned if I speak plainly but with due respect. I speak on behalf of all communities of my loyal Province, Europeans, Burmans, and the strangers within our gates, when I say that there is a strong and growing feeling that Burma does not receive a sufficient share of her revenues for expenditure on her needs. Cut off as we are by geographical position as well as by racial differences from the rest of the Empire, we feel that we are too often overlooked, that our needs are not recognized, that we do not receive that sympathetic care which is bestowed on other and more favoured provinces. It is my duty as a responsible member of this Council to say that this feeling is likely to spread through all classes of people in Burma who take an interest in public affairs.

"As regards the financial relations between the Imperial and Provincial Governments, it is, of course, not true, as many ill-informed people suppose, that Burma supports the Empire. Its actual annual contribution is less than that of any other Province except the Punjab, Eastern Bengal and Assam, and the Central Provinces. But it is true that its contribution to the Imperial Exchequer per head of population is greater than that of any other province except Bombay. It is estimated in the coming year to amount to the substantial sum of two millions and three-quarters sterling. Moreover, Burma is the only province, except again Bombay, of which in recent years the Provincial contribution has increased and is still increasing. According to the Budget figures the two Bengals and Assam are to contribute in 1908-1909 2½ crores less than in 1904-1905; Madras falls by over a crore; the United Provinces by a crore and a half; the Punjab by 25 lakhs; the Central Provinces by 65 lakhs. Bombay increases by 12 and Burma by 7 lakhs. Though Provincial expenditure in Burma has had to be reduced, the estimated contribution to Imperial in the year 1909-1910 is greater than the estimate for the current year.

"These bare figures are sufficiently striking. But did time permit me to enlarge on the needs of the Province, to show that merely from the economic point of view expenditure on a liberal scale would be justified, the picture could be made still more convincing. I am aware that Imperial finances are not in a position to enable aid to be given to Burma in the coming years. But I earnestly ask that our plight and our needs may be remembered and that when prosperity is restored our settlement may be revised, I will not say on a liberal, but on a sound economic and business-like footing."

The Hon'ble MR. APCAR said:—"It is extremely unfortunate that financial conditions have been so unsatisfactory as to oblige the Secretary of State to reduce the expenditure on railways from 18¾ crores to 15 crores.

"The Finance Committee's report gave hope that a more liberal supply of money would be available for railway work in the future, and I most sincerely trust that this hope may still be realized in future years and that the adoption of a figure of 15 crores is merely temporary.

"The very large reduction in railway earnings and the growth of working expenses, while producing for the last year disappointing results, seem to have been due to causes for which the Government cannot be held to blame.

"Throughout the world railways have had a bad year, the depression of trade affecting every country and naturally producing less receipts. As to working expenses, from the point of view of trade, the increase is explained and not so serious as it looks.

"The commercial community for some years past have urged on the Government of India the necessity of bringing the railways of India more up to date and put them in a better position to deal satisfactorily with a steady growth of trade. To do this large expenditure was necessary in renewals and

betterments, the cost of which fell to a considerable extent on Revenue. The improvement of the railway systems of India is a matter in which trade is vitally interested and it is satisfactory to know that this improvement has been maintained even in a bad year for receipts, as a more efficient means of transport will be available for commerce when the trade depression shows signs of improving.

"It is also satisfactory to note that no action has been taken to raise railway rates because the results of working would show disappointing results. India, unlike other countries, has hitherto had the great advantage of steady railway rates, and to know they will keep steady even when receipts are diminishing, is a great asset in assisting development as it gives a feeling of security in the cost of transport by rail—a most important item in commercial transactions. I think the Government would be unwise to place any check on the steady rate of improvement of its railways that has been in progress of late years, even in the face of a possible reduction in the surplus earned by railways in the past, as though it may temporarily cause reduced net receipts the result must be of benefit to the country in the improvement of its railway property and the expansion of its power to deal with transport.

"The year has been an important one in the history of methods under which the Government carries out its railway duties.

"The Railway Board has been entirely re-organized and placed in the position it should have occupied from the beginning, and I feel justified in saying that under its new constitution the Railway Board has begun to earn the confidence of the commercial community.

"In connection with railway matters I desire to express satisfaction that provision has at last been made for the commencement of work in connection with the bridging of the Ganges by State agency at Sara Ghat. The proposal was originally mooted as far back as 1890, and after so long delay I venture to express the hope that Government will now steadily press forward with the scheme. When the bridge is completed the most serious of the difficulties which have hitherto beset the Eastern Bengal State Railway in the working of traffic to and from areas north of the Ganges will be removed. There will also be a great saving in working expenses not merely in reduced handling charges but in freedom from claims. In the evidence given before the Ganges Bridge Committee the cost of working the Ferry at Sara was estimated at 8½ lakhs of rupees per annum. This estimate included Rs. 25,000 for loss or damage arising while goods were being dealt with at the Ferry. But besides ordinary claims there have been exceptional losses there, and in 1904 the burning of one flat necessitated the payment of no less than Rs. 89,000 in claims. I have entered into this aspect of the question in view of proposals which have been made that the management of the Eastern Bengal State Railway should be made over to the Bengal and North-Western Railway. Opinion in mercantile circles is strongly opposed to this proposal, partly because much advantage financially is expected from the savings which will be effected by the construction of the Bridge and the transhipment of all the traffic from wagon to wagon. It is felt that the effect of the great change on the net revenue of the railway should be ascertained and considered in connection with the terms of the working arrangement before any steps are taken to make over the line to Company management.

"Whatever the issue of such consideration may be it would be premature to say, for there is also a body of opinion, which shows signs of growing, in favour of the proposition that, so far as this particular railway is concerned, the State is more likely than any Company to give back in better service and reduced rates, atleast a portion of any increase in the net profits on working. These profits are, for the reasons I have already given, expected to increase, and while under any contract a large proportion of the savings would come to the State whose proprietary interests are enormous, a company working mainly on behalf of its stockholders is bound to keep their interests ever in the foreground.

[*Mr. Apcar.*]

"There is a further point to which I desire to allude in connection with the Eastern Bengal State Railway. I refer to the frequent changes of its Managers. The question was referred to by the late Mr. Robertson in his 'Report on the Administration and Working of Indian Railways' where he pointed out that seven changes of Manager had taken place in five years. I would urge on Government the need for continuity of management and the advisability of making the remuneration of the Manager such that there need be no temptation to seek promotion elsewhere. A suggestion has also been made that a body of Railway Commissioners partly nominated by the Chamber of Commerce and other public bodies, on the model of the Port Trust, might be formed to advise or consult with the Railway Board regarding the requirements of the province and the means of providing for expected developments of traffic. This idea might be adopted experimentally in connection with the Eastern Bengal State Railway, and I commend it to the consideration of Government.

"The experiences through which we have recently passed have no doubt caused some modifications in the views held by the mercantile community as to the management of the Gold Standard Reserve on which is based the stability of our currency of monopoly rupees convertible only at the will of Government. It must be said that changes of policy with respect to this Reserve have given rise to misgivings in the minds of the commercial public and active but unavailing protests were made by Chambers of Commerce in 1906 against the decision to hold 4 millions sterling of this Reserve in *silver*. The fear that opportunism rather than sound economic principle dictated the policy of Government led the Bengal Chamber of Commerce in 1907 to recommend that the Indian Currency question should be once more thoroughly examined by a Commission of Experts. It was hoped that such a Commission would consider and advise especially as to the magnitude of the Gold Standard Reserve Fund and the manner of its investment. The limit of 10 millions mentioned by Lord Curzon in 1904 as giving 'a permanent guarantee for stability of exchange' has long since been exceeded, and in the light of recent experience one is rather inclined to agree with the opinion expressed by the Hon'ble Finance Minister in the Budget Debate of 28th March 1906 that 'there can be no limit to the Gold Reserve Fund.' 'So long,' he said, 'as India has a Gold Standard combined with a Currency which consists mainly of rupees, I consider that we are bound to set apart the whole of the profits on additions to the coinage.' After stating his reasons for this important expression of opinion he added—'We must therefore resist all temptation to use these profits for ordinary current expenditure.' Yet two years later it was decided that one-half of the profit on coinage should be diverted to meet the cost of railway construction. These changes in opinion and practice do not foster confidence, yet confidence in currency matters is of primary importance.

"The recommendation to appoint a Commission was made in September 1907. A few months later the combined influences of an adverse trade balance and the financial crisis in the United States gave unexpected but weighty support to this recommendation. When the Exchange value of the rupee fell in November 1907 to 1-3 $\frac{11}{1}$ for telegraphic transfers on London equal to about 1½ per cent. below gold point, it could no longer be said that the question was one of academic interest only: the hard logic of facts had elevated the subject to the insistent region of things practical and urgent. Yet the policy of the Government during this time of crisis was notable only for inactivity. It was not till the end of March 1908, in spite of urgent representations from the Banks, that Government commenced to offer Sterling Bills on the Secretary of State in London in limited weekly offerings. In the period from 26th March to 13th August 1908, the total sales of such drafts aggregated over 8 millions sterling. Recent experience has, in my opinion, given added importance to the proposal that a further enquiry into the currency question in all its aspects should be held. I consider that a good case has been made out for such an enquiry, and that when it is held the public should be given an opportunity of expressing their views on the whole question.

[*Mr. Apcar; Mr. Gokhale.*]

"The orders recently issued by the Secretary of State on the recommendations of the Committee appointed in 1906 to enquire into the procedure for the purchase of Government stores are welcomed by manufacturers in this country. The orders prescribe that 'articles manufactured in India from imported materials shall in preference be purchased in India when the price is as low as that at which articles of similar quality can be obtained through the India Office.' Two years ago I referred to the fact that two Engineering Firms had recently put down wagon constructing plant, and that as about 60 per cent. of the cost of wagons is expended in the purchase of materials in Europe and about 40 per cent. on labour and materials in India, it was expedient, in the interests of India, the purchaser, that a larger share of the orders should be placed in this country. I further stated that manufacturers in India do not ask for preferential treatment as to price, but that, being limited to one market, whilst European manufacturers have many outlets for their production, steady employment is essential to enable them to give a reasonable return on their Capital. During the past year these concerns were without orders for wagons for more than six months and had to close the works entirely during the greater part of that period. The more liberal treatment of local enterprise foreshadowed in the Government's communiqué, to which I have alluded, will, I trust, improve matters, but, as has been said more than once, on these occasions the rolling stock requirements of the Railway Companies should be made known some time ahead and manufacturers in India invited to quote for as many wagons as their works are capable of turning out. There seems no reason why steady employment throughout the year should not be given to our local manufacturers, who, as I have said, ask for no preferential treatment in the matter of price.

"I should be glad to see some legislation introduced dealing with the question of Life Assurance Companies. At the present moment any person can start a Life Assurance Company and collect premia from ignorant persons. Life Assurance stands on quite a different plane from ordinary business transactions. It is a thing which the State should encourage by every means in their power, and which they should safeguard in the interests of those who insure, in every possible manner. In England Life Assurance Companies before commencing business have to deposit a large sum with the Government as a guarantee of their good faith; they have also to furnish regular returns and the like. A similar procedure is much needed in this country, and in the Acts in the United Kingdom the Government will find all they want.

"Another year has passed and I would ask what progress has been made with the scheme for the improvement of Calcutta. I mention the subject because it is urgently needed."

The Hon'ble Mr. GOKHALE said:—"My Lord, the Hon'ble Member is entitled to the fullest sympathy of this Council and of the country in the difficult task with which he finds himself confronted at the very commencement of his tenure of office as Finance Minister of India. After a succession of surpluses extending over ten consecutive years, we have come, suddenly and almost without warning, to a year of a heavy deficit, and this abrupt change is accompanied by an uncertainty about the future, which aggravates the anxieties of the situation. It is true the Hon'ble Member estimates, on the assumption of a normal season, a revenue for next year fully equal to its requirements and he even budgets for a small surplus. But reading between the lines of his statement, one cannot help feeling that he regards the prospect before him with considerable uneasiness. The Hon'ble Member bases his figures of revenue on a normal season, though such estimating is, in his opinion, 'largely a gamble in rain.' The grave depression in trade, which has so seriously reduced our railway receipts during the current year, and which, as the Hon'ble Member says, is not local or peculiar to India but is 'one of those great reactions which periodically affect the whole civilized world,' has not yet passed away, and yet the Hon'ble Member takes for railway earnings a figure £ 2½ millions above that of the current year, thus placing our railway activity during next year

'where it would have been in 1908-1909, if conditions had been normal, with a small extra margin for the increased mileage.' Finally the Hon'ble Member uses significant language when he says:—'I have no desire to minimise the difficulties, which it would be folly to ignore, attaching to Currency and Exchange, to the present position of the Gold Standard Reserve, and the weakness of our cash balances'. I doubt therefore if the Hon'ble Member himself feels much confidence in the estimates which he has laid before the Council, and I think that the position of equilibrium for which he has budgetted indicates more a suspension of judgment on his part than a reasonably confident anticipation of next year's revenue and expenditure.

"My Lord, a deficit of $3\frac{3}{4}$ millions sterling or over $5\frac{1}{2}$ crores of rupees is the heaviest deficit we have had in any year during the last fifty years. And only once during the period has it exceeded 3 millions. That was in the year 1897, when the country was devastated by one of the greatest famines of the last century and when in addition there were prolonged military operations on the North-West frontier,—the famine costing in direct relief $3\frac{1}{2}$ millions, and the military operations $2\frac{1}{2}$ millions, and the accounts showing a deficit of $3\frac{1}{2}$ millions. It is however necessary to remember that the current year's deficit includes a sum of £725,300 under railway charges, which should not be charged against revenue at all, being the portion of the annuity payments devoted to redemption of capital. The exclusion of this sum reduces the deficit from $3\frac{3}{4}$ millions to 3 millions. Even so, it is a heavy deficit, and in view of its serious nature I fear regret will be expressed in some quarters—I already notice a tendency in that direction—that the Government should have granted successive remissions of taxation since 1903. I think therefore that it will be useful to recall here the extent of these remissions and their true relation to the growth of our revenue in recent years. These remissions have been three reductions of the salt-duty, each by 8 annas a maund, reducing the duty altogether from Rs. 2-8 annas to Re. 1 a maund, the exemption from income-tax of incomes between Rs. 500 and Rs. 1,000 a year, the abolition of famine cesses in Northern India, and the abolition of certain local taxes on land in several Provinces. The total relief granted to the tax-payers by these various measures has been a little over four millions a year. Now to understand correctly the real bearing of these remissions on the general financial situation, it is necessary to glance briefly at the history of our finances since 1885. The first eleven years of this period were a time of extreme stress and anxiety for the Finance Minister, owing mainly to the fall in the exchange value of the rupee, which declined rapidly from over 19*d.* to about 13*d.*, while at the same time military expenditure was rising and the opium revenue going down. The Government met the difficulties of the situation by heavy and continuous additions to the taxation of the country, adhering rigorously to the canon of finance that the year's expenditure should come out of the year's revenues. The lowest point touched by exchange was in 1894-95, when it stood at 13-1*d.* to the rupee. And yet by raising the level of taxation high enough, the Government were able to realise even in that year a surplus of 70 lakhs of rupees. From that point onwards, exchange again rose steadily owing to the currency legislation of 1893, till at last in 1899-1900 it established itself firmly in the vicinity of 1*s.* 4*d.* And when, three years later, the first remission of taxation was granted, the position was this:—The rupee had risen from 13-1*d.* to 16*d.*; there had also been a considerable increase of revenue under most of the principal heads; but the level of taxation still stood where it had been pushed up when the rupee had fallen to 13-1*d.* Now a rise in exchange from 13-1*d.* to 16*d.* meant a saving of $3\frac{1}{3}$ millions sterling in the cost of remittances to England necessary to meet the Home charges, taking these charges even at the lower figure of 1894-95. And this saving the Government were morally bound to return to the tax payers, however they dealt with the general increase of revenue that had accrued. As the various remissions put together have amounted to about 4 millions a year, it is clear that the relief granted to the tax-payers during the last six years has not materially exceeded the saving effected in the cost of Home remittances by an artificial appreciation of the rupee. If may be

noted that in spite of these remissions of 4 millions a year, the revenue to-day is higher than it was six years ago, the receipts under the principal heads for the current year being over 49 millions as against 45·6 millions for 1902-03, the year immediately preceding the first reduction of taxation.

"My Lord, the year about to close has been a famine year and it is instructive to compare it with the year of the last great famine—1900-01. That famine was admittedly one of the severest as it was the most extensive of any that have been known in India, and it cost over 4 millions in direct relief. This year's famine on the other hand was confined mainly to the United Provinces and the cost of relief has been only a million. The revenue under the principal heads for 1900-01 was 43·6 millions; that for the current year, in spite of the remissions of taxation granted in the interval, was over 49 millions. (The latter figure includes the revenue for Berar, which the former does not, but the former includes the proceeds of local rates, which are excluded from the latter.) In 1900-01, there was a saving in military charges owing to the absence of a portion of the troops in South Africa, against which may be set the windfall under opium during the current year. Under Railways there was a small net revenue of about $\frac{1}{3}$ million in 1900-01 as against the loss in this year's Revised Estimates of a little under $\frac{1}{2}$ million. The Government thus had in 1900-01 a smaller revenue and had to incur a much larger expenditure on famine relief than during the current year, and yet in the former year they were able to show a surplus of 1·7 millions whereas in the latter they have a deficit of 3 millions exclusive of the sum devoted to the redemption of railway capital. This shows the extent to which the ordinary expenditure of the country has grown during the last eight years. Of course a good part of this increased expenditure has been devoted to most worthy objects, such as extension of education, improvement of agriculture, police reform, grants to District Boards, grants for sanitation, and so forth. But there is also no doubt that a portion of the increase has been due to the fact that money was available and the need for economy was not obvious. The scales of pay, for instance, of the superior grades in most departments have been augmented during the last few years. And in this connection, I cannot help recalling the vigorous language used by His Honour Sir Edward Baker two years ago in speaking of the pressure constantly brought to bear on the Finance Department in the matter. 'I have now been', said His Honour, 'connected with the Finance Department of the Government of India for five years continuously, and during that period I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the reorganization of some Department or to an augmentation of their numbers. All experience proves that where revision is needed, either of strength or emoluments, the Local Governments and the Heads of Departments are only too ready in bringing it forward. Nor are the members of the various services at all backward in urging their own claims'. I am glad the Hon'ble Member proposes to enforce a policy of strict retrenchment in all directions. If he succeeds in doing so to any appreciable extent, the present deficit will have proved a blessing in disguise! One feature of the present financial situation, to which attention may be drawn, is the greater extent of the reliance which is now placed on net railway revenue to meet the ordinary recurring expenditure of the country. Our railways, after causing a net loss to the country year after year for half a century—amounting in all to more than fifty crores—began to show a small profit nine years ago. And during the last four years, this profit reached the high average of about three crores a year. Unfortunately they have failed us somewhat suddenly this year, and I fear it will be necessary to regard this source of revenue with a certain amount of distrust in the future.

"My Lord, the Hon'ble Member has adopted, if I may presume to say so, an entirely wise course in budgetting for a position of equilibrium for next year in spite of the heavy deficit of the current year. We all hope with him that the next season will be a normal one and that the depression in trade will soon pass away. We hope also that no new clouds will gather on the horizon. There is

no doubt that in ordinary circumstances and in the absence of any special disturbing factors the financial position of the country is a strong one. And by this time next year, we shall be in a better position to judge whether the causes that have brought about the present dis urbance are temporary or will continue longer in operation. I must, however, confess, my Lord, that the continued prevalence of high prices in all parts of the country appears to me to be an element of considerable anxiety in the present situation. Last year, in the course of the budget debate, I ventured to express my apprehensions on this subject, and further consideration has only strengthened those apprehensions. I think the quantitative theory of money holds good much more in the case of a backward country like India than in those of more advanced countries. Variations in the prices of individual commodities may be due to variations in the demand for them or in their supply. But a more or less general rise of prices can only point to a disturbance of the currency. Such rise need not be uniform in the case of all commodities, for, in the view which I am stating, prices are a function of three variables—currency, demand and supply, and any general rise resulting from a disturbance of the currency may be modified in particular cases by one or both of the other two factors. The whole question requires a close and immediate investigation by a competent body of men, and I sincerely trust the Government have made up their mind to direct such an enquiry. The experience we have had this year of the Gold Standard Reserve must lead many of us to revise our ideas on that subject. The Government are being urged on all sides to build up a strong Reserve, but we seem to stand in this matter on the horns of a dilemma. If the mints continue idle as at present and no new rupees are coined, there will be no coinage profits and therefore no additions to the Gold Standard Reserve. On the other hand, if new rupees are coined, they will, I fear, tend to raise prices still higher in the country. And this will discourage exports and stimulate imports, and will exercise an adverse influence on our balance of trade. It has been urged in defence of the heavy coinage of rupees in recent years that they were issued solely to meet the demands of trade. The course adopted does not however seem to be justified by the results. It is important to remember that the Fowler Committee had expressed itself strongly and clearly against such new coinage until a sufficient quantity of gold was in circulation in the country. 'The Government,' they wrote, 'should continue to give rupees for gold, but fresh rupees should not be coined until the proportion of gold in the currency is found to exceed the requirements of the public.' It seems to me that the only way now out of our difficulties is to follow the example of France and the United States, and while admitting the rupee to unlimited tender, stop the coinage of new rupees and coin gold pieces instead. Of course I express this opinion with great diffidence, for there are serious considerations on the other side and the whole subject is enveloped in great obscurity. But I fear that the present half-way house will not do, and unless we place our currrecy on an automatic and self-adjusting basis, the clouds that are already over-head will thicken and not roll away.

"My Lord, I am sincerely pleased that as a result of this year's deficit, the special military grant of two millions a year, which has been placed at the disposal of His Excellency the Commander-in-Chief for the last four years for his re-organization scheme, will be abolished from next year. The relief afforded by the abolition to the finances is no doubt more apparent than real, for already in its place there is a permanent increase of expenditure of $1\frac{1}{2}$ millions a year—£655,100 as the permanent charge left behind by His Excellency's completed special measures, and £813,300 for increased payments to the War Office and for increase of pay and allowances to Indian troops,—with an indefinite liability to find, as before 1904, whatever extra sums the military authorities may demand for 'indispensable' special measures. Still it is a matter for satisfaction that this fixed, heavy burden which we have borne for four years is for the present at any rate off our shoulders. It is somewhat disappointing that of the $8\frac{1}{4}$ millions spent out of the special grant since 1904, only about $3\frac{2}{3}$ millions have been expended on measures included in His Excellency's original programme. It

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was expected that as a result of the completion of that programme there would ultimately be a saving in the military expenditure of the country. That expectation, I fear, will not now be realised, if only one-third of the scheme has so far been carried out. The increase, in the payment to the War Office, of £300,000 a year is regarded throughout the country as an unjust addition to our burdens and is deeply resented. It is understood that the Government of India protested strongly against this fresh imposition and the best thanks of the country are due to the Government for this. On the other hand the increase in the pay of Indian troops was quite necessary and has been received with sincere pleasure by all classes of the people.

"I have several times expressed my views on Railway finance in this Council and I will therefore make only a passing reference to that subject today. The Government propose to spend £10 millions next year as Capital outlay on Railways. Notwithstanding what has happened this year, I trust our Railways have now established their character as a commercial success. That being so, as a mere matter of finance—apart from questions, such as the relative importance of Railways and Irrigation—there can be no objection to the Government spending whatever amount they think desirable on railway construction, provided they raise the whole of that amount strictly by borrowing. This year's experience no doubt emphasises the need for caution even in railway construction out of borrowings, but I do not wish to dwell on that aspect of the question. The Government, however, have not in the past been satisfied with merely devoting loan-funds to the building of railways. They have in addition drawn on every other available resource for the purpose, and thus, during the last few years, surplus after surplus, arising out of current revenues, which might have been devoted with the utmost benefit to the people to meeting non-recurring expenditure in connection with primary education, technical education, sanitation, and such other needs of the country, has been swallowed up by this eternal, unending, insatiable railway construction! Year after year I have complained of this misapplication of our surpluses in this Council but without avail. Two years ago it did appear as though Sir Edward Baker might move a little from his position in the matter, but last year he decisively closed the discussion, so far as he was concerned, by declaring that 'the Hon'ble Member and the Government are irreconcilably divided and can only agree to differ.' My Lord, I mention these things in the hope that my contention might meet with a better reception at the hands of the new Finance Member. Our finance is the finance of a poor country, whose resources are small and whose needs in several directions are pressing and various. It is true that the application of a portion of our revenues to Railway construction leads to a corresponding reduction of our unproductive debt, but that should be no object with the Government, seeing what a mere trifle that debt is, being only about £37 millions sterling. The present year is a year of deficit, but the Hon'ble Member includes the small surplus for which he budgets for next year among the ways and means of meeting capital expenditure. This means that even if the expected surplus is not realised, the estimated amount will be devoted to railway construction out of cash balances. Again, as I have already pointed out, this year's deficit includes a sum of ¾ million under Railway charges, which represents the portion of annuity payments devoted to the redemption of capital. Thus our surpluses, whenever they are realised, are to go to railway construction, and in addition to that, a sum of ¾ million a year out of current revenues is to be devoted to the redemption of railway capital! My Lord, I protest respectfully but with all the emphasis at my command against this policy. It is, in the circumstances of India, unjust and unjustifiable, and even from the standpoint of sound financial administration, it is wholly unnecessary.

"My Lord, this is probably the last budget debate at which observations of a general character, unconnected with questions of finance, will be permitted, and I would like to say a few words on the situation in the country generally before bringing my remarks to a close. The acute anxieties of the last year

are now happily over, and the situation has undergone during the last three months a change so striking and decisive that it is almost difficult to recall the crisis through which we have passed. When the Council closed its last Calcutta session twelve months ago, there was in the air a feeling of vague uneasiness as at some impending disaster. And the country was soon startled and shocked by the appearance of anarchists on the scene. It is true their numbers were utterly insignificant, but the danger was that for a time at any rate the more reckless and irresponsible spirits in the country would think more of the daring of these misguided young men than of the wicked and detestable character of their outrages. With such a danger confronting them, the Government could not afford to sit idle or lose time. But the drastic measures of repression which they found themselves driven to adopt, both to prevent the spread of general disorder and to strike at the root of political crime, deepened still further the gloom of the situation and added to the prevailing feeling of despair in the country. It was indeed a time of grave anxiety, for large numbers of young men were daily drifting away farther and farther from their allegiance to British rule and the whole conception of one's duty to the country was undergoing a rapid change in superficial minds. Happily at this critical juncture, the courage and statesmanship of Your Lordship's Government and of the Secretary of State came to our rescue and the announcement of a large and generous scheme of reforms in December last at once acted like a charm, and eased the tension of the situation. And today the position, in spite of its undoubted difficulties, is actually clearer and stronger than it has been for many years past. A new hope is gladdening the hearts of the people, and though certain causes of soreness exist, the minds of the educated classes are steadily reverting to their old faith in the higher purpose and character of British rule. The appreciation of the supreme importance of order for purposes of real progress is all the deeper and more distinct for having experienced the shock and horror of recent outrages. And on every side there are indications that a period of closer and more cordial relations between the authorities and the people is about to begin.

"My Lord, I have said that certain causes of soreness still exist. Of these one of the most serious is the deportation of nine Bengali gentlemen under the Regulation of 1818 in December last. I have no wish to go on the present occasion into the general objections that may reasonably be urged against a resort to the extraordinary powers conferred by the Regulation. Those objections are well understood and there is no satisfactory answer to them. I feel bound, however, to say one thing. In the course of a recent debate in the House of Commons on the subject, the Under Secretary of State for India stated that these nine men had been deported because it was believed that among them were 'some leading instigators of crime.' It is true that Mr. Buchanan did not say that every one of the nine gentlemen was a leading instigator of crime. But as none of them was expressly excluded from the description and as all nine have been deported, the suspicion of being an instigator of crime must attach to each one of them. Now two of these nine men I know very well personally—Babu Krishna Kumar Mitter and Babu Aswini Kumar Dutt. They are undoubtedly persons of the highest character and of deep piety, and it is incredible that either of them can have been even most remotely connected with crime. I recognize that in times of grave emergency, the Government have to decide quickly and act promptly, taking all risks —even the risk of being in the wrong. But it is now more than three months since the deportations took place. The situation throughout the country is rapidly improving. May we not hope that the Government will now reconsider this matter and take the earliest opportunity to restore these men to their homes? It will be an act of bare justice to the individuals and will give great satisfaction throughout the country.

"My Lord, certain provisions of the reform scheme have, as the Council knows, evoked keen and even excited controversy. Of these, the greatest opposition has been naturally encountered by the proposal to appoint an Indian member to your Lordship's Executive Council. The

question, however, is now laid at rest by the announcement made five days days ago that His Majesty the King-Emperor has been pleased to approve the appointment of Mr. S P. Sinha to succeed Sir Erle Richards as Law Member of the Council. My Lord, the day when this announcement was made will always be remembered as a red letter day in the history of British rule in India. A momentous step has been taken and a most signal vindication offered to the people of this country of the noble pledges contained in the late Queen's gracious Proclamation. I am confident that the Government will have no cause to regret what they have done. The trust and courage which they have displayed will be repaid a hundredfold in the new ties of attachment and gratitude which will bind the country to British rule, and the administration will be all the stronger for coming closer to the hearts of the people. The opposition to clause III of the new Reform Bill has come principally from certain retired administrators and civilians, whose connection with India terminated sometime ago and who have not been in touch with the rapid changes of thought and sentiment which have taken place in the country during the last three years. Now that the tension has relaxed, these gentlemen would evidently like to part with as little real power as possible, and they have not hesitated to get the clause rejected by the House of Lords in the face of the opinion of the Government of India and the Secretary of State. Their action has caused deep and widespread disappointment throughout the country, for there is no doubt that administration by a Council is a higher form of Government than a single man rule, and the proposed change is needed to meet satisfactorily the altered requirements of the situation. There is room yet for the hope that the clause will in the end be restored after all, and it will be worse than unfortunate if this hope is not realised, for that will mean that the proposed scheme of reform has been put back in a most important particular. The third question connected with the reforms, round which controversy has raged for some time, is that of Mahomedan representation. As this question is arousing a considerable amount of feeling in the country, I would like to state briefly my own view of the matter. That view is practically the same as that of the Government of India, and I have embodied it in the note which I had the honour to submit to the Secretary of State last September on the subject of constitutional reforms. I think the most reasonable plan is first to throw open a substantial minimum of seats to election on a territorial basis, in which all qualified to vote should take part without distinction of race or creed. And then supplementary elections should be held for minorities which numerically or otherwise are important enough to need special representation, and these should be confined to members of the minorities only. What minorities in the different Provinces should have special representation and how many seats should be assigned to each minority must depend upon the special circumstances of each Province. It will not do to be guided in the matter by a strict regard for numbers only; for it may be necessary at times to give special representation to a minority so small as not to be entitled even to a single member on a strict numerical basis. This was practically the plan advocated by the Government of India in their despatch as I understand it, and now that the idea of joint Electoral Colleges has been abandoned, I earnestly trust that it will be carried out. The great advantage of this plan is that it provides for composite action by all communities up to a certain point and then it prevents injustice, in practical operation, to minorities by giving them special supplementary electorates of their own. My Lord, it has been urged by some of my countrymen that any special separate treatment of minorities militates against the idea of the union of all communities in public matters. Such union is no doubt the goal towards which we have to strive, but it cannot be denied that it does not exist in the country today and it is no use proceeding as though it existed when in reality it does not. Not only this, but unless the feeling of soreness in the minds of minorities is removed by special separate supplementary treatment such as is proposed by the Government of India, the advance towards a real union will be retarded rather than promoted. One thing, however, must here be said. The idea of two water-tight compartments for Hindus and Mahomedans separately will not promote the best interests of the country, and moreover it is really not feasible. For there cannot

be only two such compartments, unless all minorities other than Mahomedan are to be joined to the Hindus, in which case the division will practically be Mahomedans and non-Mahomedans. Further, where only one member is to be returned by a whole province, as in the case of land-holders or the non-official members of some of the Provincial Councils, any division of those who are qualified to vote into two or more groups becomes impossible. The objection has been raised that under the plan of the Government of India, members of minorities will vote in general election as also in their own supplementary election. But the matter must be looked at in a large way and in a practical spirit. The aim is not to secure a scientific accuracy of method but to obtain substantially just and satisfactory results. Let it be remembered that a member more or less for either the Hindus or the Mahomedans does not really much matter. The existence of the Government is not to depend upon the votes of non-official members, neither are its members to be drawn from those who are in a majority in the Councils. Let it also be remembered that the most important part of the proposed reform of Legislative Councils is the power that will be conferred on members to raise discussions on administrative questions in the Council and for this purpose the exact proportion of members returned by any community is a matter of small importance. My Lord, I respectfully suggest that the Government should take an early opportunity to make a clear and firm declaration on this subject, calculated to allay apprehensions and give reasonable satisfaction to all parties. It is necessary that the new arrangements should be inaugurated with the utmost good-will from all sections of the people. I earnestly appeal to my countrymen—both Hindu and Mahomedan—to exercise special mutual forbearance at this juncture and meet each other half way. We owe this to ourselves and to our country's future; we owe it also to those who are granting us these important measures of reform.

"My Lord, in this connection may I offer a word of personal explanation on this occasion? I see from the papers that have arrived by the last English mail that the note on constitutional reforms which I submitted to the Secretary of State in September last and to which I have already referred here today has come in for a good deal of comment in England. Now what I want to say about that note is this. There was nothing surreptitious or private about it. It was submitted by me to the Secretary of State for India in my capacity as a representative of the Bombay Presidency Association, publicly deputed by that body to proceed to England and lay their views before the authorities there on the proposed reforms. The note was only a summary—with very slight modifications suggested by the discussions I had with a number of public men in England on the subject—of the views which the Association had already laid before the Government of India in an exhaustive memorial and before the Decentralisation Commission in another memorandum. On my return to India I noticed attempts made in certain quarters to rouse Mahomedan feeling against the reform scheme, as outlined in Lord Morley's despatch, by representing it as a result of Hindu intrigue in London. And after a time my name was openly mentioned in that connection. As the line I had taken on the Mahomedan question was practically the same as that of the Government of India, I thought—and several of my friends agreed with me in this view—that the best way to counteract this mischief, which threatened to grow quite serious, was to publish the views which I had laid before the Secretary of State. Before communicating the note to the Press, however, I sent a copy to Sir Herbert Risley, requesting him to include it, if possible, among any fresh papers on reforms that the Government might issue—a request that he at once and very courteously complied with. I took this course because it was thought necessary in the best interests of our public life that no room should be left for the allegations of intrigue against Mahomedans, which were being openly and unscrupulously made. There was no thought of suggesting that it was the note that had influenced the Secretary of State in his decision, and no such suggestion has ever been made by me by word or by whisper. As regards the attacks made on the Indian Councils Bill by the opponents of that measure on the score of its supposed connection with my note, they are of course the usual amenities of party warfare in England.

All the same they are most unfair. Any one who reads the despatches carefully will see that nine-tenths of the scheme, even in its final form, is really the Government of India's. And even in the few points in which the Secretary of State has gone beyond the Government of India's proposals, he had strong support of an official character behind him—a support that was bound to be far more influential than a note containing merely the views of a public body in India. Thus we all know that in regard to the appointment of an Indian to the Viceroy's Executive Council, had it not been for Your Lordship's strong personal interest in the matter, that reform would never have come. As regards Provincial Executive Councils, it is really the Decentralisation Commission that has pushed the question to the front. And in the remaining matters, it is known that the Secretary of State has acted on the recommendations of Lord Macdonnell and his colleagues on the Special Committee. It is true that some of the reforms which Indian public men have from time to time been advocating have found a place in the scheme finally adopted by Government. But that only shows that our proposals were not so very unreasonable after all, and that when they came to be officially examined in a serious spirit they were found to be quite practicable. The fact is that the path of constitutional reform in India is really extremely narrow and those who want to advance along that path have no choice but to have in view more or less the same stages and almost the same steps. To safeguard the essential elements of British supremacy, to associate the people of the country more largely with the administration of their affairs, and to do this cautiously, impartially and at the same time in accordance with ideas and aspirations which Western education has fostered in the land—these factors of the problem do not leave a wide margin for differences of opinion except in regard to minor details. Of course those who do not want to advance do differ fundamentally from those who do; also among those who want to advance there may be differences of opinion as to how many steps may be taken at a time. But there is not much room for any striking originality or novelty of solution in determining the path. Moreover, the interests involved are too large and too serious to permit of the authorities going in search of originality for mere originality's sake.

"These controversies, small and great, will however soon come to an end, and before long they will probably pass out of men's minds. But the reforms that will be inaugurated will remain, and they will open a new and important chapter to the people of this country. As far as one may foresee, the chief characteristic of the next few years will be a greater consideration for public opinion on the part of the authorities, a larger realization of the difficulties of the administration on the part of the people, and a closer co-operation between the two sides in promoting the moral and material interests of the country. It is idle to expect that with the introduction of the reforms all existing misunderstandings between the Government and the people will vanish; and it will be even more idle to imagine that, as time rolls on, no new occasions of friction will arise or no fresh misunderstandings crop up. But there is no doubt that when the proposed reforms are completed, the administrative arrangements of the country will have been brought into reasonable harmony with the present requirements of the people; and as regards the future, we must be content to let it take care of itself. I think it is safe to say that when, in later times, the eyes of our countrymen turn back to these days, they will see two figures standing apart from the rest. One will be Your Excellency and the other Lord Morley. My Lord, I am at a disadvantage in speaking of Your Lordship in your presence; but the occasion is exceptional and I trust the Council will forgive me for any apparent breach of propriety. The country owes a deep debt of gratitude to Your Lordship, both personally and as the head of the Government of India, for these reforms. You had not been many months in the land before you recognized frankly and publicly that new aspirations were stirring in the hearts of the people, that they were part of a larger movement common to the whole East, and that it was necessary to satisfy them to a reasonable extent by giving the people a larger share in the administration of affairs. And throughout your purpose in this matter has

never wavered. Your Lordship started the first deliberations in your Council on the subject. The tentative proposals published in 1907, which had caused great dissatisfaction, were revised and recast under your own direction, and nine-tenths of the scheme in its final form is that of the Government of India. But this is not all. The throwing open of your Executive Council to Indians—which in some respects in the most notable part of the reforms—is principally Your Lordship's work. Serene, clear-sighted, supremely modest, Your Lordship has gone on with the work of reform with noble courage amidst extraordinary difficulties, and I am sure your greatest satisfaction will be that when you lay down the reins of office you will leave to your successor a task far less anxious than the one you inherited. My Lord, among the many great men who have held office as Governor General in this country, there are three names which the people cherish above all others—the names of Bentinck, Canning and Ripon. I venture to predict, both as a student of Indian history and as one who has taken some part, however humble, in the public life of the country for the last twenty years, that it is in the company of these Viceroys that Your Lordship's name will go down to posterity in India. Of Lord Morley I will say only this. It would have been a sad thing for humanity if his tenure of office as Secretary of State for India had produced nothing more than deportations and Press laws. One who has taught so highly and to whose name such great honour attaches even in distant lands cannot afford to be 'as other men are—a slave of routine and a victim of circumstance.' However, his great Liberalism has been amply and strikingly vindicated even in so difficult a position as that of the head of a vast bureaucracy, and the temporary misunderstandings of friends and the unworthy taunts of opponents will not have been borne in vain, when the full results of the present measures of reform show themselves in this country. That passage in his speech in the House of Lords, foreshadowing Mr. Sinha's appointment, with its phrase 'one of the King's equal subjects,' has touched a chord in Indian hearts which will keep vibrating for some time. It is a passage that will live in the history of this country—in any case it will remain engraved on the hearts of the people. My Lord, I sincerely believe that Your Lordship and Lord Morley have between you saved India from drifting towards what cannot be described by any other name than chaos. For however strong a Government may be, repression never can put down the aspirations of a people and never will."

The Hon'ble MR. HARVEY said:—"My Lord, the anticipations formed last year as to the probability of a decline in our sea-borne trade have unfortunately been only too completely realised. The causes which have operated to produce the depression in the world's markets, and the special circumstances which have aggravated it in this country, have been referred to in detail in my Hon'ble Colleague's Financial Statement, and it would be a waste of the time of this Council if I were again to enumerate them at length. I may, however, add with reference to one of our staple industries that, while locally manufactured cotton cloth is suffering from congestion of stocks in the same way as imported piece-goods, there has been some revival in the exports of yarn, and the results of the year have not been as unfavourable as general conditions might have led us to expect. Stocks in China are reported to have decreased materially and the prospects there have improved, but it is a matter of some regret that the exports of yarn to Europe, which began to develop recently, are shrinking in consequence chiefly of the want of conformity with European standards in point of reeling and count.

"The general outlook is on the whole encouraging and there are signs of a return to normal in the export trade. A larger area is returned as being under cultivation with oil-seeds and wheat, and substantial increases are expected in the outturns of rice and cotton. Freight rates are hardening in anticipation of an active wheat season in the western shipping ports, and if the expectation of improved prospects throughout the world is realised, the next few months ought

to show indications of a movement of a more healthy kind than has been present since the latter half of 1907.

"I will now refer to certain legislative measures of interest to the commercial public which have been undertaken or will shortly be introduced. At a previous meeting during this session, I stated that it was our intention to postpone the revision of our Companies Act until the consolidation and amendment of the English Companies Act which was then pending in Parliament had been carried out, as it has been decided that our law should follow as closely as possible that of England. The Bill has since become law, and we shall take into early consideration a similar revision of our Act. The necessity for this has been the subject of much discussion during the past year in the Press, and the amendments will take some time to prepare. In the meanwhile, we are proceeding with two small amendments both of which are sufficiently urgent to justify immediate action. Under the law as it now stands, companies registered in India are not permitted to pay dividends out of capital during construction, though two special Acts have in the past been introduced to permit of railway and tramway companies doing so. Recently, however, representations have been made to us that the success of certain important industrial undertakings was likely to be handicapped by the absence of any provision in the law permitting them to pay interest out of capital during the necessarily long period which must elapse before they pass out of the constructive stage, and we have decided to assist them in obtaining this concession which, subject to certain conditions, is enjoyed by all industrial companies registered in England. The second amendment is one which has been pressed upon us by the Bombay and Madras Chambers of Commerce and will empower joint stock companies in certain circumstances to re-issue and keep alive debentures. We trust that the Bill which has been drafted to give effect to these proposals may be passed into law before long.

"Legislation has been initiated and carried through, during the current year, to provide for several points of importance in the Merchant Shipping Law. It was brought to our notice that section 4 of the Indian Steamships Act, 1884, conferred an advantage on foreign vessels (carrying more than 12 passengers) as compared with British vessels, in the matter of obtaining a certificate of survey. This section has now been amended so as to place British and foreign vessels on the same footing. Similarly by providing that certificates of partial survey, granted by the Board of Trade or by a British Colonial Government, which were not hitherto recognized, shall be accepted, we have removed another disability formerly imposed on British vessels. The Indian Merchant Shipping Act, 1880, which deals with the safety of shipping, has also been amended, and foreign ships in Indian ports will now be required to conform to the Indian deck and load-line regulations in the same manner as British vessels.

"One of the special matters to which a reference was made last year was the amendment of the law relating to patents. The Bill which was then promised has been drafted, and in September last it was distributed to Local Governments, patent agents and others with the view of eliciting opinions from the manufacturing public and others concerned in the protection of inventions and designs. In its main lines the draft Bill follows the provisions of the United Kingdom Patents and Designs Act of 1907, though it has not gone quite so far as that Act in the matter of compulsory working in the country, for which India as yet is not sufficiently advanced. We have not yet received replies to all our references but we hope that legislation may be possible next season.

"It will be within the recollection of Hon'ble Members that in December 1906 the Government of India appointed a Committee, presided over by Sir Hamilton Freer-Smith, to inquire into the conditions of labour in textile factories in India. This Committee's inquiry was of a preliminary character only and a representative Commission was appointed in October 1907 to investigate the labour question in respect of all factories, and to consider the various suggestions and recommendations which the Committee had made. Their report was pub-

lished in July 1908, and the opinions of Local Governments and public bodies were invited with reference to the suggestions contained in it. These opinions have now been considered; a Bill has been prepared to give effect to the decisions finally arrived at and is being submitted to the Secretary of State. I am not yet in a position to explain the provisions of the measure, but I hope that it will be possible to allow a considerable period for criticisms before legislation is undertaken.

"The Hon'ble Mr. Dadabhoy has referred at some length to the policy of the Government of India in industrial matters, and has proposed, without any serious examination of financial or other effects, the imposition of protective duties, the grant of bounties, and other economic devices, the merits or feasibility of which he does not, I am certain, expect me to discuss on the present occasion. Most of the other points which he puts forward were dealt with at some length by the Hon'ble Sir John Hewett in his speech in this Council three years ago. The attitude of the Government of India and the lines on which the Department of Commerce and Industry proposed to proceed were fully explained and these have not altered in the period that has elapsed since then. But in the meantime a considerable advance has been made. It is impossible and would in any case be most undesirable to attempt to centralise work of this kind in any Department of the Government of India. Local circumstances and local needs can only be properly gauged by Local Governments; the last condition we seek to impose is uniformity. The Local Governments whose attention was invited at an early stage of the existence of the Department to the necessity of fostering industrial enterprise have responded most cordially, and during the current year we have forwarded to the Secretary of State, with our hearty support, the comprehensive scheme of industrial and technical education framed by the Government of the United Provinces. In Bengal and Eastern Bengal and Assam surveys of the industries and resources of the Provinces have been completed, and a conference has just been held at Dacca. In Madras a conference was held last year and a new Department of Industries created; in the Central Provinces a survey has been carried out and in Bombay the hand loom industry has been selected for special enquiry, and His Excellency the Governor has taken active steps for the foundation of a Chair of Commerce at the University. In this way a great mass of material has been collected and made available to the public, and schemes are on foot for the provision of further facilities for technical and industrial education. I do not think it can fairly be said that Government has not done much, but there is a point at which Government assistance must stop and the enterprise of the people must take up its part. I should be sorry to think with the Hon'ble Member that Indians are wanting in the business qualities which are required for success. Surely his experience of their great commercial and industrial prosperity in Bombay and the Central Provinces should have saved him from such an error. But we are passing through a period of depression aggravated by unrest; capital is shy, and enterprise, especially in the smaller centres, must be restricted until better times come. In the meantime Government will steadily pursue the policy to which I have referred. The Commercial Intelligence Department has been developed and is ready to supply much useful information of the character which is indicated as being required; it will, as part of our policy in connection with the purchase of locally manufactured articles, collect and publish information regarding local sources of supply; but it will not, as the Hon'ble Member seems to suggest it should, attempt to act the part of financial adviser to intending investors or advertiser of the wares of individual firms.

"In 1907-1908 important reductions were made in postal rates, and the revenue must be given time to recover before we can make a further advance in this direction. It has however been found possible to make a small concession in respect of weight, which will assist the newspapers.

"The Council will perhaps expect to hear something about the changes which have been introduced into our telegraph system. The various measures

introduced have attracted much attention from the public, each in turn has been discussed and debated, and the Department has had to carry on its work under quite exceptional difficulties. I have every hope, however, that the process of reorganization will eventually produce the most beneficial results. No Department can hope to escape from periods of stress when it is called on to put its house in order, to modernize its machinery and to bring its methods up to date. If in the case of the Telegraph Department the convulsion has been unusually violent and prolonged, the reason must be found in the fact that the task of reform had been postponed long after the proper time for undertaking it had come.

"The state of affairs which Government set itself to remedy may be summarized as follows. The methods of traffic management which were in force were antiquated and obsolete, and while they imposed an unfair strain on the staff, they were directly productive of delay in dealing with public telegrams. The staff itself was dissatisfied with its pay and prospects. At the same time the financial position of the Department was unsatisfactory. Government was involved in unnecessary and wasteful expenditure, while the rates for messages were such that a large part of the traffic was transmitted at a loss. The process of reform may, therefore, be said to have had three objects. In the first place the work of signal offices had to be so organized that a prompt and efficient service might be rendered to the public. In the second place it was necessary to ameliorate the conditions under which the staff worked, and to improve and simplify the scale of pay. In the third place the expenditure of the Department had to be narrowly scrutinized with a view to retrenchment, and the message tariff so fixed as to prevent or at least to minimize loss. All these three objects have been steadily kept in view. Economy and efficiency are inseparably connected, and with a discontented staff the attainment of either is impossible.

"There is, I think, every reason to congratulate the Department on what has been accomplished in the direction of reform, and the public recognize and appreciate the improvement. Perfection is not attainable at once and the Department has still much to do, if the ground which has been gained is to be kept and the standard to be raised still higher. But at least a good beginning has been made, and the acceleration of all messages has been most striking. In March 1908 in the thirteen largest telegraph offices in India only 12·4 per cent. of the messages were despatched within ten minutes of receipt, while 54·8 per cent. were delayed for more than forty minutes. In January 1909, 55·6 per cent. of the messages in these offices were being despatched within ten minutes of receipt, and only 11·1 per cent. were delayed for more than forty minutes. The results obtained in certain smaller offices have been even better. We had some difficulties with the staff in the early part of the year, into the details of which I need not now enter. But I may say that we have introduced more suitable hours of work, and reduced Sunday and holiday duties as much as possible, and we have, at a cost of some Rs. 5½ lakhs per annum, redeemed our pledge to improve the pay and prospects of the men. They in their turn have co-operated loyally with their superior officers in the carrying out of reforms, and are entitled to a large share of the credit for the improvements which have been effected.

"A recent change, which affects the staff very little, but the public a great deal, must be referred to briefly, I mean the substitution of two classes of messages for three and the revision of the rates. The triple classification was fast becoming obsolete and the time had come to get rid of one class. Every acceleration in the transmission of messages meant that the percentage of deferred telegrams to the total increased; and as the four-anna telegram was entirely unremunerative, the financial position was serious. The result was that Government were compelled to raise the minimum charge for telegrams of the lowest class. The change was made with reluctance, for in a country like India telegrams must be cheap if the people are to use them to any great extent; but when the alternative was to fix on the general tax-payer an increasingly heavy burden for the maintenance of telegraphs, there was no option left.

[*Mr. Harvey.*]

"In the strenuous work of the year Government and the Department have had the benefit of the advice of Mr. Newlands, and are much indebted to him for the able and practical way in which the various reforms have been devised and the untiring energy with which he has assisted in their introduction.

"In the matter of Railway administration some important alterations were made during the year. The status of the Chairman of the Railway Board was raised to that of President with the power to overrule his colleagues; the Board and the establishments working under them were removed from the control of the Department of Commerce and Industry and constituted a separate Department of Government with the title of the Railway Department. The new system was brought into force with effect from the 1st October 1908 and has worked in the most satisfactory way. The abolition of Consulting Engineers to which I referred last year has in the Board's opinion resulted in an improvement in the disposal of work without any sacrifice of efficiency, and the Governments of Bombay and Burma have found it possible to dispense with the assistance of the officers who were temporarily entertained for railway work in their Secretariats until experience of the new methods had been gained.

"The effects of the general trade depression have been reflected very plainly in the earnings of our railways. The figures relating to these have already been fully explained and I need not go over the same ground again, but I am glad to be able to say that there are already some signs of improvement, and with the prospect of a favourable wheat crop in Northern India and the amelioration of famine conditions generally, it is hoped that the gross receipts will to a large extent recover their position in the coming year. The Budget Estimate has accordingly been fixed at a normal figure.

"A noticeable feature of the present year is the absence of general complaints from merchants and traders regarding the shortage of wagons, of which so much has been heard during the past few years. This, of course, is partly due to the depression in trade; but the strenuous endeavours which all railways have been making to improve their existing stock, and to supplement it by large additions, as well as the additional facilities which have been provided to enable stock to be economically used, have no doubt placed railways in a much stronger position to meet the demands of trade for transportation, and it is hoped that when trade revives, the full effect of this will be made apparent. During the year 1908, 395 engines, 679 coaching vehicles and 9,987 wagons were actually added to the stock of railways, and 444 engines, 2,063 coaching vehicles and 10,962 wagons were under supply, while sanction has been accorded for a further addition of 59 engines, 139 coaching vehicles and 2,334 wagons. These are figures which should prove very re-assuring to those using railway transportation.

"The Hon'ble Mr. Dadabhoy's criticisms on railway matters are of a somewhat intangible character, but I will offer a few remarks in reply to what appear to be the principal points. He remarks in the first instance that there is a universal protest from the people against the present scale of expenditure on railways. The Railway Board, however, report that this is very far from being the case and that the necessity for extension is being pressed on them by all classes of traders, and persons in various parts of India, and that their great difficulty lies in deciding which of the many schemes demanded should have precedence in the order of construction. Since 1902-1903 the net revenue on railways has been sufficient to meet all interest charges on capital raised and expended on railway construction, and to yield besides a handsome surplus to the country, and if in the last year we have had a set-back, we have every reason to believe that it is of a purely temporary character. It is true that our Budget for the coming year is necessarily cautious, and though provision for capital expenditure falls almost entirely outside it we have recognised the desirability of husbanding our ways and means by reducing our programme by Rs. $3\frac{3}{4}$ crores: more than this it is unnecessary to retrench. The bulk of the available funds will be devoted to bringing existing lines up to the standard required by the development of traffic. Expenditure under this head consists mainly of the

addition of new lines, the construction of yards and crossing stations, the purchase of new and more powerful rolling stock in addition to the existing supply and so forth, and schemes of this kind cannot, as the Hon'ble Member lightly suggests, be charged to Revenue, which already, as the current year's working charges show, bears the cost of very heavy improvements in the existing facilities and its full share of any replacements. I do not propose to attempt to deal with the complex question of State and Company ownership, about which so much has been said and written, but I think it is a fair statement to make that if India had not provided funds either directly or by means of guarantees for the construction of railways the development of these facilities would have been very materially retarded. And without adopting the view that all railways should be nationalised, a policy for which there is much national as well as individual authority, I may say that few people would hold that Government lay themselves open to any reproach by providing communications and means of transport, when these would otherwise be unprovided. It is unquestionable that the policy of Government in this matter has been in every way greatly to the advantage of the country, and the industrial development, on the necessity for which the Hon'ble Member has laid such stress, will naturally require increased facilities for the exchange of commodities. I do not quite understand what the Hon'ble Member proposes to substitute for the present system. We are apparently to find some organisation that will buy us out and will provide funds for all future construction and working ; we are at the same time to reserve some sort of control as an appellate authority to enforce 'up-to-dateness' and 'excellence in management'. I am afraid that any ideas of this kind give little promise of practical fulfilment. An administration working with its own capital would naturally want to be free as far as may be of Government interference, and it may be taken as a truism that for all control, other than that relating to the public safety and convenience, we have to pay in one form or another. We do not claim that our present system is an ideal one, but it has fulfilled a very useful purpose. We hope to attract more outside capital by giving Companies a greater direct interest in the lines which they manage for us, by offering, if the Secretary of State approves, more remunerative terms for the construction of branch lines, and in other ways, and we look to these means for an increase and not a reduction in our present rate of progress.

"In the preceding remarks a number of general criticisms which have been made have been replied to, but there are one or two specific matters to which I may briefly refer. The Hon'ble Mr. Macleod has referred to the policy of Government with regard to the encouragement of private enterprise in the matter of railway construction, and I would invite his attention to the recommendations of Sir James Mackay's Committee. The Government of India are inclined to encourage the construction of Branch lines by separate agencies and to give more favourable terms than those at present prescribed by the rules, and they are making a recommendation to this effect to the Secretary of State. It must not, however, be forgotten that what is ordinarily known as 'private enterprise' here generally requires a subvention in one form or another, from the State. I am not aware that since the establishment of the Railway Board Bombay has been deprived of a hearing in Railway matters, and I am certain that the Board will always be ready to give such advice and information as may be available.

"With reference to the Hon'ble Raja Sir Muhammad Ali's remarks regarding the accident at Dasna, I may say that he is mistaken as to the finding of the Board, and that we have no desire to shift the responsibility to higher powers. Most searching enquiries were held both departmentally and in the Courts, and it was clear that the human agency was at fault though it was impossible to establish the guilt of any one particular person. The working of the tablet system has been thoroughly enquired into and I am informed that safety and reliability have been secured.

"The curtailment of the programme will not interfere with the progress of work on the Lower Ganges Bridge at Sara, a project which after many vicissitudes has at last ceased to be the subject of continual controversy.

"A definite site below Sara has been selected; the alignment of the approaches is in course of being determined and proceedings for the acquisition of land will shortly be put in hand. As soon as the rains are over a commencement will be made with the extensive brick burning operations that will be necessary and arrangements will be undertaken for bringing the large quantities of material for the protection works to the site; the temporary lines and yards required for dealing with the material trains will be laid out and the erection of workshops and quarters will be proceeded with. Provision has also been made for the first requirements of rolling stock and plant which will be needed during construction. In the meantime the design for the bridge is being carefully considered.

"The site of the Sara Bridge having been settled, public attention in Calcutta has now been turned to the proposal of the Bengal and North-Western Railway to take over and work the Eastern Bengal State Railway. The relief from the necessity of providing funds annually for capital expenditure is the only attractive feature of the proposals, and we realise that there may be disadvantages which will more than counterbalance this. Reference has been made to the Local Governments and Chambers of Commerce who are interested in the matter, and their views will receive full consideration before the Government of India communicate their recommendations to the Secretary of State.

"I have, finally, a few remarks to make in amplification of the Press communiqué which was issued a few days ago announcing the decision of the Secretary of State in respect of the recommendations of the Stores Committee. It has been decided that their Report should not be published, but it may be of interest to mention a few of the principal conclusions which have emerged from the discussions that have taken place. It has been clearly brought out that partly owing to a defect in the form in which the rules were cast and partly owing to practical difficulties in applying the conditions laid down for deciding on the source of supply, officers of consuming Departments have not given, or have not in practice been able to give, full effect to the policy of Government regarding the encouragement of local manufactures. An examination of the indents of the chief consuming Departments for a year disclosed the fact that orders to the value of over £400,000 for articles, many of which could probably have been obtained of local manufacture, had been sent home and there is little doubt that the resources of Indian manufacturers were as a whole not being utilised to the full and that in the case of engineering trades in particular the larger firms at Calcutta and Bombay received more assistance from local bodies, railways other than those worked by the State, and general private enterprises than from Government. It has also been fairly established that on the whole Indian firms have been able to supply a sufficiently good article at a price which over a number of cases compared not unfavourably with home prices. Since the Committee's Report was submitted, we have been in correspondence with the Secretary of State, and it will be observed from the communiqué which we issued that a substantial modification of the present procedure has been agreed to. We have decided that it will be necessary, in order to ensure that full effect is given to these rules, to adopt some special measures to prevent indents being sent home for articles which can be obtained in India of local manufacture. We are now engaged in working out a scheme to provide for an inspection of such articles throughout India, and we have to settle in consultation with the Secretary of State the measures to be prescribed to enable departments to compare the home prices with those prevailing in India. We hope to be able to arrive at a decision in this matter in a short time, and to introduce the new rules, and we desire it to be understood that it is part of our settled policy to encourage the purchase of local manufactures, and that we shall expect our officers to give full effect to this policy as laid down in the comprehensive orders which will shortly issue."

The Hon'ble MR. MILLER said:—"We must all sympathise with our Hon'ble Colleague, the Finance Member, that the presentation of his first budget has followed a period of severe depression throughout the world generally,

the effects of which have unfortunately been intensified in India by yet another season of serious drought.

"The Financial Statement gives a resumé of the main facts concerning the famine and scarcity, and I shall not take up the time of the Council by going into details. It is the less necessary to do so as a very complete and interesting account of the relief operations in the United Provinces, which were the most seriously affected, was issued some months ago, and attracted much attention in the Press. The public are, therefore, fully conversant with all the main facts of the famine campaign in those Provinces and I confine myself to a few general remarks.

"Towards the close of 1907 the situation appeared extremely gloomy. The rainfall returns were most unfavourable and indicated the possible addition of yet another great famine to those we have suffered from in the last twelve years. Over very large areas the monsoon rain was deficient and ill-distributed, and the position appeared to be in many places worse than in 1896-97. But distress did not develop nearly so rapidly as in that year, nor did it, except in the United Provinces, become so acute at any time. There cannot be any doubt, in my opinion, that the people were better off and better able to face a period of distress than in 1896-97, in spite of the fact that another great famine had occurred in the interval. The recovery from these successive calamities has fortunately been rapid; and that is one reason why the drought of 1907-08 was not so serious in its effects as some of its predecessors. But I doubt if the public have ever realised how serious it might have been, and to how great an extent it is owing to the admirable promptitude with which measures of relief were set on foot that the sufferings of the people were not much more severe. Suspensions or remissions of revenue were given at once, advances were made on an exceedingly liberal scale and all the preparations for relief were kept well in advance of actual necessities. The administration was in consequence never taken unprepared; it was ready for each new development. The result was that all acute distress was relieved; there were none of the usual grievous accompaniments of famine, and, what is perhaps more exceptional, there were few of the usual complaints against the administration. Of the intensity of the drought we are now having some disquieting indications in the withering of the trees over large areas in the Sub-Himalayan forests of Northern Oudh; but the sufferings which it threatened to cause were so effectually and sympathetically remedied by able and alert administration that the anxiety which the situation caused to the Government hardly communicated itself in the same degree to the public.

"The experience of the famine has shown that the conditions under which relief has to be given are changing. The readiness of labour to move in search of employment, the possibility of finding employment and the very great demand for labour have greatly altered the situation. To take an example near at hand: there was we know much distress in Orissa, due not entirely to drought. The able-bodied flocked to Calcutta, or went to Burma, but the care of those who were left devolved to a great extent on the State. The problem then was not so much to find labour as to provide for those who were incapable of it and the same problem, to a greater or less extent, affected other tracts; gratuitous relief had to be expanded, relief works were not necessary to quite the same extent as before. This feature of the situation was fully realised in the Central Provinces, where, next to the United Provinces, the distress was most general and acute; and where it was met, as far as possible, by an expansion of ordinary works—useful works that would have been executed at some time even had there been no famine—and where special famine works were resorted to only where it was impossible otherwise to make sure that relief would reach those who were unfit for ordinary labour. It is, as Hon'ble Members know, a very difficult and delicate matter to follow in famine administration the narrow path that separates profusion and waste on the one side from a niggardly administration of relief on the other. One course that may be followed is to put the Famine Code into force and to leave the responsibility to the automatic working

of its provisions. In the Central Provinces, the Chief Commissioner took the responsibility on himself. Famine relief on a large scale can hardly be administered, however carefully, without some demoralisation of its recipients. The Chief Commissioner gave assistance liberally, but he resolved to give it as long as possible without resort to special famine procedure. He trusted in the first instance to the expansion of ordinary works managed upon ordinary methods, and his thorough knowledge of the country and the experience which he and his officers had gained in previous famines enabled him to do so with complete success. The report on the administration of relief in these provinces states that—

'Throughout the hot weather and rains the system worked without a hitch, and it may be claimed that it has thoroughly proved its suitability for adoption in a year when distress rather than acute famine was to be feared Its success in preventing waste and demoralisation is incalculable.'

"These claims are, I think, fully justified by the result. The administration has been economical, the ordinary operations of trade and agriculture and industry have not been interfered with, and the people have been trained to rely on themselves as far as possible. The relief given was liberal and sufficient, but only a small proportion of it took the form of direct famine relief, and the greatest part was given in forms that could not affect the independence and self-respect of the agricultural and labouring classes. A similar system would be more difficult to follow in the case of widespread and very severe famine, but it was admirably suited for the condition of the province in which it was applied; and as the country develops, I have no doubt that further scope will be found for action on somewhat similar lines.

"A very gratifying feature of the recent operations is the extent to which private individuals have co-operated with the State, both in giving relief themselves and in assisting in its administration.

"The shadow of distress still hangs over a large part of the country this year. The monsoon last year stopped prematurely, the cold weather rains were, except in a few places, light and scattered, or failed altogether; in parts of Berar there has been a complete failure of the crops and there we shall have famine relief operations on a fairly extensive scale, while some relief will also be required in the east of the United Provinces, and in portions of Eastern Bengal In the South of India the outlook is very unsatisfactory in the State of Mysore, but the administration there is fully alive to the necessity of making all its preparations in good time. In Upper India the cultivated area was threatened with serious curtailment owing to the outbreak of a virulent form of malaria last autumn, but the accounts of the rabi crops there are becoming more sanguine, while in Burma there has been an excellent harvest. The outlook therefore, if not so bright as we should like, is by no means discouraging, and as we have found in the past so I have no doubt we shall find again that a single good season will lead to a rapid and complete recovery.

"One branch of the operations of the Agricultural Department has attracted unusual interest and attention during the past year. I mean the growth of the Co-operative Bank movement, and the question of agricultural credit generally. It may be found advisable, and, what is more doubtful, it may be found practicable to deal with this great question on both co-operative and non-co-operative lines, but at present I confine my remarks entirely to the former. When power was taken to start Co-operative Banks only a few years ago, the Government refused to commit itself to any sanguine expectation of early success, and as it at the same time declined to give any liberal pecuniary assistance, its motives were misinterpreted, and it was, and still though less frequently is, accused of merely playing with the subject, when nothing seemed easier to its critics than by some financial arrangement to provide the ryot with a cheap flow of the capital he stands so much in need of. State charity is always popular; it is not always as experience has shown of permanent benefit. The ryot unquestionably, like all producers in all countries, requires capital, and it is the case that he cannot obtain it at present except at

very high rates. He is weak through ignorance and isolation, he cannot meet his creditor on equal terms. What the Government did was to set itself to remove these disabilities. It attempted to adapt to Indian conditions a system which would substitute some knowledge of business for ignorance and some scheme of organization for isolation. It desired to replace the weakness of the individual by the strength of a body of co-operators. It declined to bolster up the movement by lavish grants of Government assistance; it offered assistance, indeed, but on strictly limited principles. It ought not to be necessary to say that it was not from any niggardly feeling that Government refused to finance the Societies. During the last year, Government has advanced over two crores of rupees to the cultivators in the United Provinces alone for agricultural purposes and it would, with equal readiness, have found funds for the banks if it had thought that such a course would be for their ultimate benefit. But it was aware that State assistance has in other countries as well as in at least one previous attempt in India itself proved fatal to the movement. Co-operation is a plant which can thrive only on the soil of self-reliance, and for this reason the Government has made the Societies rely mainly on their own efforts. If they could not establish themselves and make co-operation a living force, they had to go to the wall. In one other respect, too, the Government has refused to give exceptional assistance to the Societies. Considerable pressure has been brought to bear to allow them to recover their dues through Government agency. No one doubts that if Government made itself responsible for recovery the scope of the Societies could at once be greatly enlarged, and capital could be attracted at much more favourable rates than is possible now. It seems unreasonable to many that this small assistance has been withheld, but it has been, and I think rightly, withheld up to the present. Government assistance must necessarily lead to closer Government supervision, possibly even to actual Government management, which would completely alter the character of the movement, and would at once eliminate many of the qualities we wish to encourage. There may be circumstances in which an experimental departure from these strict principles would be desirable; one need not be too pedantic, but up to the present, we have refused to admit the principle of Government recovery, and the opinion of those who have studied the subject under Indian conditions appears to me to be strengthening in favour of the policy we have adopted.

"The Societies as a whole therefore, and leaving out special cases where some departure from the ordinary procedure was held to be justified for experimental or other reasons, have received little financial assistance from Government; the Government share has mainly been the advice and guidance and audit of the Registrars who have all entered on their work with great enthusiasm, and whose confidence in the ultimate results seems to be fully justified by the remarkable progress that has been made.

"The number of Societies has increased in the past year from 843 to 1,201, the number of members from 91,000 to 149,000, the deposits by members from $5\frac{3}{4}$ lakhs to 9 lakhs, and the total capital from $23\frac{3}{4}$ lakhs to 44 lakhs. These are very significant figures, but to my mind even more important than figures is the interest which the movement has aroused outside of official circles. It is being recognised as a real development, worthy of the attention of all who have the interest of India at heart; and the banking and commercial world have paid it the compliment of serious consideration. The constant discussions of the subject in the Press; the interest excited by the Simla and Bombay Conferences; and the very clear and thoughtful examination of its economic and moral aspects by Professor Lees Smith are all indications, more important than statistics can give, of the degree of success attained up to the present.

"All this discussion has been most valuable; it has educated public opinion and has helped to secure a much more correct and thoughtful appreciation of the problems we have to deal with, which will, I hope, serve to safeguard the movement against attempts to press it too fast on doubtful lines. It is securing us help from non-official agency, which is warmly recognised in many

of the reports, and it will be of great use in assisting in the further evolution of the system. At the present time when the resuscitation of village institutions is much before the public, I should like to quote the following remarks by one of the Registrars :—

'A village bank at once takes its place among the institutions of the village and arouses universal interest. It draws the best people of the village together, and creates a real sense of proprietorship. It causes the man of bad character to reform and the rent-defaulter to meet his engagements in order that he may have the privilege of belonging to the Society.'

"The Council may have seen a recent letter from the well-known authority Mr. Wolff—in which he says that—

'Nowhere has co-operative banking struck root so quickly or made such progress in its earliest stages as in India.'

"This is particularly gratifying in view of our abstention from giving the Banks assistance on lines that might have led to a much more rapid initial development, but that we did not think were sound. The Societies are now increasing beyond the powers of the Registrars to supervise and their further development is now a matter requiring much care and consideration. All indications point to the next step as being the grouping together of the village institutions; the co-operation of the individual Societies, so as to give them a status that will allow of their coming into touch with the other banking institutions of the country. Already some progress in this direction has been made, and with a fair degree of success.

"The introduction of co-operation into this one branch of rural life seems further likely to encourage its adoption for other purposes, and the need of co-operation in a society of small agriculturists has been shown by the experience of many other countries That is a subject which I do not propose to follow up on this occasion, but apart from many instances on a small scale that have come to my notice of the tendency I should like to mention the co-operative scheme for cultivation in the Sunderbans recently set on foot by Sir Daniel Hamilton, whose interest in the advancement of the agricultural classes is well-known to this Council.

"I promised some time ago, in reply to a question, to explain more fully why expenditure on Irrigation had fallen short of the average expenditure recommended by the Irrigation Commission in its 20 years Programme—a programme that was accepted, though only as a general guide, by the Government of India and the Secretary of State.

"The programme contemplated an expenditure of 44 crores in 20 years, or 220 lakhs a year. Of the 44 crores, 15 crores were for Productive Works and 29 for Protective. It has always been the practice to finance Productive Works from loans or from surpluses, and the Commission recommended that the same procedure should be applied to all works on the ground of the great advantage of carrying such works through without the dispiriting and expensive necessity of curtailing and expanding the annual programme according to the financial vicissitudes of the day. The Government of India and the Secretary of State were, however, unable to accept this recommendation, and though the Commission gave strong arguments in favour of it, the decision was perhaps inevitable at a time when we were only beginning to embark on a programme which would, as far as direct expenditure and receipts were concerned, throw a permanent burden on the finances. It was arranged therefore that while a crore and a half should, if necessary, be provided annually for Productive Works, the expenditure on Protective Works should be charged against Famine Insurance, and should not exceed half of the amount allowed for that purpose, namely, 75 lakhs a year, this amount being subject to reduction if in any year there was actual expenditure on famine.

"As compared with the programme the arrangements made provided for the expenditure of double the amount contemplated for Productive Works, and

of a little over half the amount required for the Protective programme. Moreover while the supply of funds for Productive Works was assured, the financing of Protective Works was left theoretically in a somewhat precarious position, as we might in any year, owing to the conditions made, find ourselves without funds to carry them on, but in practice the Government has been able to be more liberal, and a grant approaching 75 lakhs has always been made when required. The total provision which Government was prepared to make, and up to which the Irrigation Department might work, namely, 1½ crores for Productive Works and three-fourths of a crore for Protective, was a little in excess of the 220 lakhs a year contemplated by the Commission; though it was distributed in a different way; and the figures include provision for Burma which was outside the scope of the Commission's enquiries.

"There are a number of minor reasons for this difference, and one reason of importance. Productive Works we have long been accustomed to, and plans and estimates for very large works of this kind were ready or in an advanced stage of preparation. Protective Works, on the other hand, were exceptional; they did exist, but they were rather in the nature of experiments; and there was no system regulating their construction. Surveys had still to be made; the Commission could do little more than call attention to the most promising Works; their conclusions had to be verified, and patient investigations to be set on foot to decide whether on further examination their suggestions should be adopted, and a sufficiently strong case made out to justify the expenditure of public funds on works that were not directly remunerative. It was quite clear from the outset that it would be several years before the expenditure on Protective Works would exceed the provision of 75 lakhs.

"At the same time it had become evident that the scope for Productive Works, or works which it was hoped would be Productive, would be far greater than the Commission contemplated. This was chiefly owing to developments in the north-west of India,—in the Punjab, including the Frontier Province, and above all in Sind. For the Punjab the Commission estimated an annual expenditure of 10½ crores, or 7½ crores if we omit 3 crores for the project of irrigating the Sind Sagar Doab from the Indus—a project which does not at present seem likely to be undertaken at an early date. But the Works already under execution in the Punjab are estimated to cost 9½ crores, and over 4 crores more are likely to be required for other works that will probably be given precedence over the Sind Sagar project. Thus we may forecast an expenditure of 14 crores as compared with the 7½ of the Commission, or 17 crores compared with their 10½.

"For Sind the Commission suggested a small provision of a crore. But there is now under investigation a great scheme for giving that Province a system of perennial irrigation from the Indus to take the place of the Inundation Canals now in use. The utilizing of the Punjab rivers for irrigation on an extended scale will affect the working of the Inundation Canals lower down, and the substitution of a perennial system will avoid this and other drawbacks, and, it is expected, will form a great Productive Work. The Sind schemes have not yet been completed, but their ultimate cost may prove to be as much as 13 crores of rupees. In Madras also it is probable that there will be some addition to the productive programme.

"As regards Protective Works, I have no doubt that their scope will also greatly increase; there are signs of that development already. The Irrigation Commission only dealt with works that they thought might, if the results of investigations were satisfactory, be undertaken within 20 years. As far as these specified works go it seems improbable that we shall work up to the programme, chiefly owing to doubts about the comprehensive projects in Madras for which the programme provided 12 crores of rupees—the Tungabhadra and Kistna schemes. I cannot say what may be the ultimate fate of these projects, on the investigation of which much money has been spent, but it appears improbable that both will be carried out. On the other hand, in the Deccan, in the United Provinces, and in the Central Provinces, if the experimental works already

undertaken prove as successful as we hope, the ultimate expenditure will probably be much greater than the Commission contemplated.

"Up to the present the expenditure on irrigation works has not reached the average amount contemplated by the Commission and for which the Government arranged conditionally to provide. In the present year we expect for the first time that it will reach the full amount of a crore and a half allowed for Productive Works, and I have no doubt that if we should require more for such works, the Finance Member will not, when the present position improves, be hard-hearted. It is not owing to any reluctance on the part of the Financial authorities that we have hitherto fallen short of the amount contemplated. The construction of irrigation works is not to be undertaken lightheartedly, and even when construction begins it is not possible to push on at more than a certain limited pace. Large works have a tendency to absorb the whole available labour supply; and the expense in canals is chiefly in the payment of labour on the spot. The Hon'ble Mr. Dadabhoy blames the Government for not immediately spending 200 lakhs on Irrigation to make up the deficiency that there has been in our expenditure in the past as compared with the forecast made by the Commission. The Hon'ble Member apparently thinks that Government has merely to say to its engineers: 'Here are so many lakhs, go and spend them.' There are as yet no large Irrigation works—no great canals—in the Province which the Hon'ble Member represents so energetically and in many respects so ably in this Council, and I am doubtful whether any explanation of the impossibility both on engineering and financial grounds of adopting such a proposal as he makes would be such as he could fully appreciate. I will merely ask him to consider the following figures which show in the most convincing manner that money cannot be spent without limit on irrigation, and that the short expenditure on irrigation up to the present is due not to the refusal of the Government to provide funds but to inability to spend even such moderate funds as were provided.

"In 1902-03 we budgetted for an expenditure of 114 lakhs. The actual expenditure was only 99 lakhs.

"In the following years the corresponding figures were:—

Years.	Provided lakhs.	Spent lakhs.
1903-04	125	98
1904-05	160	86
1905-06	182	128
1906-07	191	173
1907-08	195	189
1908-09	212	212 (Probable expenditure).

"It will be seen that our actuals and estimates are coming into much closer agreement, and that the actual expenditure has more than doubled in this short period. Even so however the pace does not satisfy those whose opinions are voiced by my Hon'ble friend. For my own part I think that their view is entirely unreasonable, and that if we plunged into schemes on the principles they advocate we should very quickly be pulled up not only by the Finance Member and the Secretary of State but by public opinion. It is possible that there may be a large increase in our productive expenditure, if we have works in hand in Sind and the Punjab proceeding simultaneously. But it will be temporary, and I do not think that too rapid an increase is desirable, if the works are all in the north-west of India. The large schemes on which we have embarked in recent years alter the whole face of the country; their effect is little appreciated except by those who are in actual contact with the facts. They bring under cultivation lands that formerly were desert; they provide outlets for the population of congested tracts; and raise the poorer tenants or even the labourers to the position of well-to-do farmers. They absorb a great part of the population that would otherwise have cultivated the lands of others, or have been employed in service of some kind. They affect the climate; they may render unprofitable the industries by which the rural population have hitherto been supported, such as camel-breeding. Such changes alter the economic aspects of the country; they

limit the supply and therefore enhance the wages of labour, and if at the same time, as has happened in the Punjab, the population is attacked by epidemics the supply of labour may even be unequal to undertaking the agricultural operations required to take advantage of the large areas reclaimed from the desert. It is not desirable that such great changes should proceed too quickly; the country should work up to them gradually. A time comes when it is better to consolidate and improve than to aim at a still more rapid growth of the area commanded by canals.

"As regards Protective Works, however, the time has come when the rate of expenditure must probably be increased. I have explained that a provision of 75 lakhs a year was arranged for, subject to certain conditions. It has now been decided, with the consent of the Secretary of State, to raise the amount to 100 lakhs, but the former restrictions still apply, and for the coming year we cannot provide the full amount. The money has to be found from revenue, and the provision may be reduced in any year in which there is famine expenditure. It is impossible therefore to say definitely what amount will be available in any year, but the total provision allowed will, as far as can be foreseen, be ample for some time, if the future financial situation should permit of its allotment in full. It will allow of the more rapid progress which Bombay is anxious to secure; it will provide for the large project of irrigation from the Tendula in the Central Provinces, if that should be sanctioned; and it will probably permit of our embarking on more comprehensive projects in the United Provinces than were contemplated by the Irrigation Commission. With reference to the Hon'ble Mr. Macleod's remarks I may say that the allotment for protective works in Bombay is nearly 24 lakhs, a larger allotment than has been made to any other province.

"The total irrigation from State works during the year 1907-1908 has been:—

	Acres.
From Productive Works	14,458,015
From Protective Works	353,462
From Minor Works	6,153,054
TOTAL .	20,964,531

"That it is difficult to bring home to the mind the real significance of these figures is abundantly evident from the terms which the Hon'ble Mr. Dadabhoy has thought it necessary to use in depreciation of the work done by the State to develope irrigation in India. My Lord, I am glad that these remarks have been made openly in Council, because they give the opportunity of replying to ill-informed criticism that is by no means infrequent. My only regret is that it is my friend Mr. Dadabhoy who has identified himself with these objections, because there is only one explanation of the tone of the remarks made to-day, and that is ignorance of the facts. If the Hon'ble Member had confined himself to his own Province he would have been on surer ground; when he ranges over the whole field of policy in India he displays some want of acquaintance with the real position. If he would only go and see for himself; if he would spend a week on one of the great canal systems in this country, and then, if he chooses, compare what has been done in Egypt and America, we should not have to listen to the remarks we have heard today. He thinks to support his case by quoting from a great American orator, who made, if I recollect aright, a hurried rush across this country—a politician whose flow of eloquence has not secured him over-much credit in his own country. If the Hon'ble Member wants an American opinion, why does he not go for it to an American engineer? He would then very quickly learn that his own country, of whose efforts he talks so slightingly, has led and still leads the world in the matter of State irrigation, and that the recognised pre-eminence of India in this respect might well be the subject of some patriotic pride. What share Indian officers have had in the development of irrigation in Egypt is well known, but it is not so well known to what an extent other countries turn to India for advice and assistance.

[*Mr. Miller ; Sir Harvey Adamson.*]

One of our officers went to Australia to assist that country ; several have been required in South Africa; one is, or was, engaged in Spain ; the Americans have unofficially utilised the advice of another; the Turkish Government has now engaged a famous Indo-Egyptian Engineer to advise it about Mesopotamia; an American Engineer is even now studying our system with a view to irrigation developments in the Philippines; we have had enquiries or enquirers from Brazil, from Mexico, from Russia, and from Japan. Is it because irrigation has been shamefully neglected in India that all these other countries are so anxious to get the benefit of our experience ? The Hon'ble Member makes some comparisons with America and Egypt. Let us take Egypt, the country which, next to India, knows most of Canal Irrigation. Such irrigation is extending to Upper Egypt and has a great future before it, but up to the present it is chiefly Lower Egypt that has benefited. The whole cultivated area of Lower Egypt is some $3\frac{1}{2}$ million acres, so that even if we suppose every acre of this to be canal irrigated the total is only one-sixth of the area which has in a single year received irrigation from sources provided by the State in this country. We have far greater scope here, and we have taken advantage of it to such an extent that comparison between Egypt and India as a whole can serve no useful purpose. Notwithstanding its magnificent developments under the guidance of Indian engineers, Egypt, to use a colloquial expression, is not in it. To those who judge by comparisons, I would suggest a method that is more likely to give results unfavourable to India. Let them compare what Egypt has done from the Nile with what India has done and is doing from a single one of her many great rivers—say from the Chenab. On such a comparison the Indian figures will, no doubt, come out second best ; but I am quite willing to accept this result in the full conviction that the Hon'ble Member and those who think with him will rise from the investigation with a much more correct appreciation of the great work done by the long line of engineers who have succeeded Cautley and Cotton, and whose names are perhaps better known in other countries than in this. It is more out of regard for their achievements than merely to defend the policy of the Government that I have dealt with this subject at some length. The statements made as to India's falling behind in Irrigation are entirely inaccurate, and I can attribute them only to that frame of mind which judges of the importance of any subject by the number of paragraphs about it in the newspapers. The Indian Irrigation Engineer has not mastered the art of self-advertisement ; it almost seems as if he had learnt, from the great rivers which he controls, the lesson of self-effacement. The stranger may admire some splendid aqueduct taking a canal over a river, or the crest and buttresses of some immense weir or barrage. Only the engineer knows that the work which is seen is a mere fraction of that which had to be done in conditions of constant anxiety and suspense. All the most difficult and all the most massive work is buried for ever below the water and the sand. The engineer seems to feel the effect of this example; he buries the interesting part of his work—the part that might appeal to the public—under the masses of statistics and technical detail of his reports, and passes on from the tracts rendered fertile by his operations, looking not for fame or gratitude but for fresh deserts still to be conquered. The truth is that India is far ahead of any other country, and that the rate of progress was never so rapid as it is today. The allegations to the contrary are as a rule passed over by the engineer in silence; but when they are countenanced by a Member of Your Excellency's Council they must cause astonishment, and if unchallenged by the Government they would give undeserved pain to a body of men who have achieved far more for the development of the irrigation resources of the country than has ever been attempted in any other part of the world."

The Hon'ble SIR HARVEY ADAMSON said :—" The sum allotted for Education in the Budget is 257 lakhs. The amounts expended in the last three years were 201, 222 and 252 lakhs, respectively. The increase provided for

1909-10 is small, just five lakhs, but it is satisfactory that in a time of financial stress it has been found possible to give even a small increase. There is no subject in which there is more room for a liberal expenditure. Much attention has been devoted during the past year to maturing schemes of improvement, and Local Governments have them ready in hand for introduction when funds can be found. These schemes relate to Primary, Secondary, University, and Technical Education, and it is unfortunate that their progress is barred for the present by lack of money.

"Effect is gradually being given to the settled policy in respect of University Education. In 1904 an Imperial grant of five lakhs of rupees per annum for five years was given in aid of University Education. The period has now expired, but provision has been made in the Budget for continuing the grant or the coming year.

"The work of inspection of colleges has been pursued with great energy. Owing to the devotion of the Vice-Chancellor, Dr. Mukerjee, and his colleagues on the Syndicate and Senate, the Calcutta University has been able to complete the work, and has obtained the orders of the Government of India in respect of the degree of affiliation to be enjoyed by almost every college within its jurisdiction. The effect of these labours was lucidly explained a few days ago by the Vice-Chancellor in his convocation speech. In the proceedings for the revision of affiliation two objects have been kept steadily in view. The first is to maintain a governing body capable of exercising a real financial and educational control for the benefit of the institution. The second is to prevent the dissipation of energy which resulted from the old system of sending up candidates on any and every subject, and to concentrate effort on those subjects only for which adequate instruction is provided. It is gratifying to find that the decisions of the University have as a rule been readily and loyally received by the institutions that are affected by them.

"The Calcutta University has also caused the schools which are recognized for the purpose of the matriculation examination to be inspected. These inspections have, I regret to say, disclosed somewhat unsatisfactory results. A large percentage of the schools have been found to be very inefficient. The University has very rightly dealt tenderly with them. In only a small number has recognition been withdrawn, and these have been mostly bad schools in the neighbourhood of good schools. In other cases time has been given varying from six to twelve months to comply with the requirements of the University. There never has been a desire to close a college or school which fulfilled a useful object. The aim has been to assist those in charge and to raise the institutions to a higher level.

"In respect of both colleges and schools there is a wide field for private munificence, and I hope that the earnest appeal which Dr. Mukerjee in his convocation speech made to his countrymen will meet with a liberal response.

"There is a reasonable prospect that the arduous labours of Dr. Mukerjee and his colleagues, for which they deserve public gratitude, will be crowned with conspicuous success.

"In carrying out the scheme of reforms which was the result of the recommendations of the Police Commission, the actual amount of the subventions which have been given to Local Governments, including the sum given in the Budget for 1909-10, is 141·42 lakhs. Something over one-third of this sum has been devoted to improving the pay of constables and head constables and to increasing their numbers so as to enable them to have a reasonable amount of time off duty and to get a reasonable amount of leave. The next largest item—nearly one-third of the whole—is on account of the increase of the pay of Sub-Inspectors, and the addition to their numbers which was required in furtherance of the policy that so far as possible the investigation of offences should be conducted by officers of not lower rank than Sub-Inspectors. This accounts for roughly two-thirds of the whole, and of the remaining third a large item is on account of Inspectors, while a considerable sum has been allotted for the new

rank of Deputy Superintendent. The pay of Superintendents and Assistant Superintendents has also been increased and the prospects of the service are now sufficient to attract an excellent stamp of recruit.

"It must be remembered however that the reforms cannot be expected to produce their full effect at once. It takes time for police officers to be trained and to gain the necessary experience; but considerable improvement has already been made, and if the right class will come forward for the rank of Sub-Inspectors we may expect a marked change for the better. The success of the police however depends even more on the assistance given by the people themselves than on the detective abilities of the police officer. The iniquities of the police are a favourite theme; it would be profitable sometimes to dwell on the difficulties they have to encounter owing to the absence of that civic spirit which in other countries induces the people to co-operate with the police in bringing offenders to justice. The murder of Inspector Nanda Lal Bannerjee in the streets of Calcutta was witnessed by many people, yet when the police arrived on the spot a few minutes later, the street was deserted, every door was shut, and no one would admit that he had any knowledge of the occurrence. Compare with this the assistance which the London Police received from the people in the pursuit of the perpetrators of the recent Tottenham outrage. This is the spirit of co-operation that we should like to see in India and that newspapers and influential men should advocate. After all the police officer comes from the same class as the members of the learned professions and the public services, and his desire must be to work honestly and bring the guilty to justice. If the people will trust him and co-operate with him, volunteering information when they have it, and not shielding the offender, the antagonism between the police and the people must disappear.

"With reference to the Hon'ble Mr. Apcar's inquiry about the scheme for the improvement of Calcutta, I explained last year the difficulties of carrying out an immense project of this kind with celerity. A draft Bill for giving effect to the scheme as approved by the Secretary of State has been received from the Bengal Government. As indicating the complexity of the subject I may mention that the Bill contains 191 clauses. It is under examination at present and must be submitted to the Secretary of State for approval before it can be introduced in the Bengal Council.

"The Hon'ble Mr. Andrew asks that early orders may be passed on the scheme for the revision and redistribution of District and Divisional charges in the Madras Presidency. The scheme involved the consideration of complicated questions in respect of the strengthening and regrading of the district executive and judicial staff, the reorganization of office establishments, and the revision of the subordinate civil service, questions which necessitated considerable discussion. I am glad to announce that the Governments of India and Madras have now reached a complete accord, and that the proposals will be submitted immediately to the Secretary of State

"With reference to the Hon'ble Mr. Gokhale's remarks about certain persons who are now under deportation, the Hon'ble Member must be well aware that the Government have far better means of judging of the necessity of the step which they took than the Hon'ble Member, who bases his conclusions simply on personal acquaintance of these persons and on that knowledge assumes that the Government acted in error. I am very far from admitting that the Government acted on unreliable information or that there was any error at all in their action.

"I will now advert to a subject on which there has been of late a considerable amount of controversy. The Hon'ble Mr. Dadabhoy says that the introduction of the principle of class representation on the basis of the fancied importance of Mahomedans has taken away the chief merit of the Reform scheme and given umbrage to the great non-Moslem communities of India. Now let us look at the facts and see exactly what has been proposed. Excluding special Mahomedan representation the electorates which have been proposed for the Provincial Councils are the Universities, the corporations of the Presidency-towns, District Boards

Municipalities, Landholders, Chambers of Commerce, Indian Commerce, Mill owners and Trades' Associations, and the planting community. The electorates proposed for the Imperial Council are the non-official members of Provincial Councils, Landholders, Chambers of Commerce, and Indian Commerce. In addition provision is made for representing small minorities occasionally by nomination. In the electorates which I have enumerated there is no class or religious representation. All classes and creeds vote together on an equal footing. But if we rest here injustice will be done. There are two classes in India which stand out in great prominence over all others, the Hindu majority and the large and important Mahomedan minority. Say what you please as to the desirability of bringing the great Hindu community and the great Mahomedan community into closer union, existing facts must be faced, and it is undoubtedly the case that at present Hindus and Mahomedans differ not only in religion but in almost everything else, to such an extent that it would be nearer the truth to say that they are in political antagonism than to say that they are in political harmony. The general electorates are open to Hindu and Mahomedan alike, but what will happen if we leave it at this, without making any special provision for securing an adequate representation for the Mahomedan minority? The result will be, as the past history of elections for District Boards and Municipalities has clearly shown, that the Mahomedan vote will be swamped by the Hindu vote, and that Mahomedans will not obtain a representation proportionate to their numbers and political importance. It is therefore necessary, as conditions stand at present, to provide some means by which Mahomedans may obtain such number of additional seats as will bring their representation into due proportion. There are two ways of securing this end—either by nominating Mahomedans to seats over and above those which they obtain in the general election, or by allowing the Mahomedan community itself to elect members for these seats. One way or the other must be adopted in order to meet existing conditions. The time may yet arrive when the Mahomedan community will have become sufficiently organized to secure for themselves a due proportion of representation at the general elections. But that time has not yet come. If it ever does come it will then be both unnecessary and unjust to give them further facilities for representation. Meanwhile we propose to frame the regulations so as to meet the existing condition, which is that Mahomedans cannot obtain due representation unless they are given something over and above what they may secure at the general election, and if this condition changes then it will be a simple matter to revise the regulations so as to meet the change. So far as I am aware no exception has ever been taken to the principle that nomination may be added to election so as to secure representation for minorities. Nay more, it has been universally admitted that in the case of Mahomedans nomination may properly be applied to save them from being disproportionately outnumbered in the Councils. The reservation of extra seats for Mahomedans is exactly the same principle, and whether these seats are filled by nomination from outside or by election from within is a matter which, it seems to me, can be of no concern to any but the Mahomedans themselves. It is gratifying to find that the action of the Government of India in this matter has been supported by so shrewd a politician as the Hon'ble Mr. Gokhale. There is a sentence in his able speech which puts the whole principle in a nutshell, and which will bear repetition—'The great advantage of the plan,' he says, 'is that it provides for composite action by all communities up to a certain point, and then it prevents injustice in practical operation to minorities by giving them special supplementary electorates of their own.' That is exactly the principle on which we have dealt with the great Mahomedan minority, and if we have not, as he suggests, extended it to other minorities, the reason is that simplicity in operation is desirable, and that there is no other minority at the present time that is so large and important as to call for similar treatment.

"As regards the elimination by the House of Lords of the provision for the creation of Provincial Executive Councils, I may say that for my part I should like to see it replaced, on the ground that the increasing burden of personal

[*Sir Harvey Adamson ; the Commander-in-Chief.*]

responsibility thrown on some of our Lieutenant-Governors is becoming heavier than can be borne. The quickening of the political spirit in India during the past four years has largely increased the personal volume of work of heads of provinces, and the work will be still further vastly increased when the reforms come into operation. Therefore I think that the present opportunity of Parliamentary legislation should be taken to assume the power of creating Executive Councils for provinces, a power which should not be exercised for all provinces straight away, but should be in reserve to be applied in the case of any particular province only when the necessity has been clearly demonstrated. But the creation of Provincial Executive Councils has in some quarters been advocated from another point of view, *viz.*, that it will always provide a place for an Indian in the government of a province. I confess that I have little sympathy with this view, not from a desire to exclude Indians, but because I think that when it is a question of appointment to a Council the member should be selected on the same ground as my friend the Hon'ble Mr. Sinha was selected for the Imperial Council, namely, that he is eminently qualified to hold the portfolio which is vacant. The appointment of any person, be he English or Indian, who has not a matured experience of administrative work, to the charge of any of the large executive departments of a province, cannot, in my view, be contemplated without dismay."

His Excellency THE COMMANDER-IN-CHIEF said:—"My Lord, as this is the last time that I shall have the opportunity of addressing the Legislative Council during a Budget debate, I think it is desirable to deal with Army administration at somewhat greater length than I have hitherto done on similar occasions.

"My colleagues will doubtless expect me to give some account of my stewardship during the six and a half years that I have had the honour to command the Army in India, and, as far as the time at my disposal will allow, some account of the results achieved—particularly the financial results. But, my Lord, although this is a sufficient cause, it is not my sole excuse. The present budget is, in several respects, exceptional, marking something of an epoch in Military finance. In the first place, it is the only military budget framed since I have been in India under circumstances of general financial stringency. In previous years the revenues of this country have been in such a prosperous condition that it was wise to place, out of our abundance, a certain amount to reserve by improving our military security. But, just as strongly as I hold that to have been a wise policy, so I consider that, under the present straitened circumstances, military expenditure should be kept as low as possible whilst duly providing for the maintenance of the present state of efficiency in the army. Then, again, as the Hon'ble Finance Member has already stated, the period of fixed grants for special military expenditure has now terminated, and we have reverted to the earlier system under which military expenditure was annually regulated. Lastly, this budget debate has a special importance of its own; for it is the first time that a Member of Your Excellency's Government has addressed this Council, charged, under Your Excellency's orders, with undivided responsibility for both the efficiency and the economical administration of the Army in India. On these grounds I ask Your Excellency to forgive me if I occupy a somewhat larger share than usual of the time available for the discussion of the budget.

"As Your Excellency is aware, and I am sure that my Hon'ble colleagues will believe, my sole aim, throughout my tenure of appointment as Commander-in-Chief, has been to place the administration of the army in India on a sound business footing. A modern army is not, as is sometimes erroneously supposed, a costly toy maintained for purposes of ceremonial and display, nor, on the other hand, is it an instrument of aggression to be used for national or individual aggrandisement. It is simply an insurance against national disaster; and the expenditure incurred on it is strictly comparable with private expenditure on similar precautionary measures.

[*The Commander-in-Chief.*]

"The first business condition necessary to justify our military expenditure is that the army maintained should be in a thoroughly efficient state, and, therefore, able, at all times of need, to carry out whatever may be expected from its numerical strength. Expenditure of money on an inefficient army can no more be defended than the payment of premia to an insolvent company. It is indeed less defensible; for the mere existence of such an army may lull a government and a nation into a false sense of security, which may vitally affect their policy and thus bring about the very disaster that it was intended to avert. But the application of business methods to army administration means more than this. It means that we must never for one moment lose sight of the fact that the efficiency of an army maintained as the ultimate guarantee of public security must be purchased at the lowest possible price. Therefore, every existing source of army expenditure has to be periodically scrutinised, and be shewn to contribute towards that security, or be discontinued; and the cost, as well as the utility, of every proposal for new expenditure must be most carefully considered before it is accepted.

"I have tried to administer the great responsibilities entrusted to me in accordance with these principles.

"The Hon'ble Finance Member has summarised briefly some of the more important measures of recent years; but Your Excellency will perhaps permit me to go somewhat more into detail.

"On my arrival in India in 1902, it naturally was incumbent on me to make a detailed study of the military problems of this country; of the grave responsibilities, both internal and external, which its army has to meet; and of the capacity of that army to fulfil its allotted task. In the course of my examination, I formed the opinion that the army itself, its officers and men, consisted, in the main, of splendid material, but that the best and most economical value was not being obtained from this material—partly because its location, organisation, and training were antiquated, and partly because money was being spent on numerous objects, which, whilst possibly desirable at one time, were not necessary any longer. As the result of my studies, I felt that the first essential step was to improve the organisation, training, and distribution of the army, and to provide for its thorough equipment for war; and I therefore put forward proposals to that end. These were approved in principle, and considerable progress has been made in carrying them into effect. We could now mobilise and place in the field an army consisting of 9 Infantry Divisions and 8 Cavalry Brigades. It is true that this could not yet be done for the whole force with the ease and absence of friction which, in an army run on business lines, should mark the transition from peace to war conditions; for we should still have to resort, to a certain extent in the later divisions, to improvised arrangements. But it is certain that the mobilisation could be carried out effectively and with a degree of rapidity previously unattainable, and that, in addition, we should leave in India a sufficient force, suitably organised and staffed, to maintain public security in every part of the country.

"One of the great difficulties a Commander in the field has to face is caused by variations in the fighting value or strength of the units under his command. Moreover, nothing renders an army so disunited and depressed as a recognised and well-founded consciousness of inferiority amongst a certain number of its units. Uniformity, therefore, so far as it can be obtained, is of great importance; and, in order to insure it, our regiments and battalions have been re-numbered as units of one army, thus obliterating the last traces of old Presidential distinctions, while their peace establishments, which had previously varied considerably, have been adjusted to uniform strengths and standards based on the requirements of the field army. With the same object, an original test of training was introduced, under which every battalion in India was examined and marked for proficiency in every branch of military training by a board of qualified inspecting officers, specially selected for the purpose. I do not think that the value of this test was fully realised. The result showed, however, that the standard of training in our best regiments was excellent; but it also brought to light, and enabled us to rectify, many weak points—among others the desirability of raising the fighting

value of certain units by the substitution, partially or wholly, of superior fighting races; and, as cases in point, I may mention the raising of the number of Gurkha Battalions from 16 to 20 and the formation of the 106th Hazara Pioneers. I hope that similar tests may be applied from time to time; for they give us a means of satisfying ourselves that a standard of uniform fighting value and proficiency is maintained in the army, though, of course, that standard may be, and is, surpassed in the best units.

"In order to obtain an efficient, well-trained and well-disciplined army, it is necessary to organise and train our troops as nearly as practicable in the same formations as will be employed during war, and under the same commanders and with the same staffs. The advantage of this has been shewn in the rapid operations that were conducted last year on the Peshawar border, and will be still more apparent in the case of larger operations or a serious war. It is with this object that the Divisional system has been introduced into India. Divisional and Brigade Commanders are now trained in peace to assume the heavy responsibilities that will fall on them in war. This Divisional system naturally replaced the previous "Commands", as well as the "Districts" subordinate to them, and has entailed an increase to the Army in India of 9 Brigadier Generals and 44 Staff Officers. In order to organise the units in these Divisions, so that they might be efficiently administered and trained, it was found necessary to redistribute a certain number of them, as has been done so that each Divisional General can mobilise and train a complete Division from his command without drawing upon others.

"Intimately connected with the training of the troops, is the question of the staff and of their higher professional knowledge; for we all know how the bravest troops can only fight at a disadvantage if they are inefficiently led, or the plans are faulty, or the orders given are obscure or defective. We have, therefore, created the Indian Staff College at Quetta, working in close touch with the similar institution at Camberley, from which we are annually turning out a body of highly-trained officers, who will be of the greatest value to us, both for training our troops in time of peace and in the field during war, and who will exercise a beneficial effect in establishing a more uniform standard in the higher branches of professional training and thought in the army. Moreover, by an improved distribution of staff duties, we have also been trying gradually to secure greater co-ordination and better staff work throughout the service.

"Whilst thus endeavouring to make the best of our existing material and to increase the fighting power of our available forces, we have recognised that the complete re-armament of the Artillery with quick-firing guns was essential; and this, in turn, owing to the more rapid rate of fire that is maintained in modern war, involved more ammunition, more wagons, more horses, and larger establishments. Then again, for similar reasons, we have been obliged to re-arm the whole of our troops with the new rifle. I am glad to say that both these expensive changes have now been practically completed. In doing so, we have borne in mind the importance of rendering India self-supporting as regards the manufacture and repair of all such war material. We are now able to manufacture in India, besides the new quick-firing guns and the latest rifle, all the shells, fuses, etc., as well as small arms ammunition, on a scale sufficient to meet the probable requirements of the army in the field.

"But every army, however well-equipped, and highly organised and trained, must have an adequate supply and transport service. The Supply and Transport Corps, which was formerly divorced from the general administration of the army, has now been brought into its organisation, so as to fulfil the requirements of divisions and brigades, both in peace and war, in an economical and efficient manner. The responsibility of the Divisional and Brigade Commanders for the effective supervision of supply and transport expenditure in their commands has been enforced, while a better system of grading officers has popularised the service and facilitated the selection of suitable candidates. We have, at the same time, increased, to a considerable extent, our carrying power and capacity for expansion. The decentralisation to Divisional Commanders has been attended with satisfactory

results, and has led to closer control of expenditure in respect of the economical employment of transport in peace, food and forage supply, and farm and dairy administration.

"Two years ago I referred to the necessity that would have to be faced sooner or later of bettering the conditions of service of the native ranks of the Indian army, and also of doing something to improve the position of the British Officer, especially in the junior ranks. As my Colleagues are aware, we had, from time to time, been considering how we could best do this within the means at our disposal. As a first step we doubled the kit money of the native troops, so that each man could have a free kit instead of having to pay a large part of the cost himself; we granted free passages to an increased number of men proceeding to their homes on leave; we gave a boot allowance to all unmounted combatants, and free fodder to the Native Cavalry on the march; we improved the pension rules, and also introduced scales of invalid pensions, as well as a revised scale of travelling allowances for all officers which prevents their being subjected to pecuniary loss when transferred or ordered on out-station duties. These measures tended to ameliorate the conditions of service of our Indian soldiers; and this year, as we know, His Majesty the King-Emperor has approved a substantial increase of pay and free firewood to all native ranks. The pay of the junior officers has also been materially improved.

"This account is only a brief outline of some of the more important measures that have engaged our attention during the last 6½ years; and I need not now delay the Council by referring to the other improvements that have been made, such as the augmentation of our reserves, etc.

"When, in 1904, the schemes for the redistribution and reorganisation of the army were brought forward and approved, it was decided to finance them by a fixed, special, annual grant. The aggregate of this fixed grant, up to the end of this financial year, when it ceases, amounts to a sum of £9,971,700; and, of this, we have, as the Hon'ble Finance Member has told you, spent £8,216,000.

"The expenditure of this special fixed grant may be divided under three heads:—

"*First.*—All 'special expenditure,' both initial and recurring, unconnected with the redistribution and reorganisation schemes.

"In this connection I may explain that, since 1904-05, all military expenditure, additional to the items specifically excluded above and petty items, has been classed as "special expenditure." Buildings do not last for ever, and must periodically be renewed. Arms, ammunition, machinery, medical equipment and instruments—and many other and, as a rule, expensive articles—are gradually superseded by the march of time and the progress of science and invention, and sooner or later have to be replaced. Coast defences, once ample, become useless; and it becomes necessary to remodel and re-arm them. The ships of the Royal Indian Marine—the service of which is charged, in India, to the Military estimates—have to be replaced by new ones. And it is to unavoidable charges of this nature that we apply the term "special expenditure."

"*Secondly.*—The initial cost of the reorganisation and redistribution schemes.

"*Thirdly.*—The recurring expenditure resulting from those schemes. It is perhaps regrettable that this last item was provided for in the special grant and not charged annually to ordinary budget expenditure. For, within the special grant account, it formed a sort of supplementary military budget, and this recurring expenditure has thus, hitherto, been divorced from the economies that have been effected in other directions, confusing, to some extent, the results obtained—at any rate, to the uninitiated.

"Under the first head of expenditure, *viz.*, "special" we have spent £4,527,600 on the following main items—

	£
Re-arming the Artillery	1,750,000
Coast defences	432,000

	£
Royal Indian Marine, including the R.I.M.S. *Northbrook*	295,000
Buildings and lines	600,000
Staff College, Quetta	57,000
Electrical installations in barracks	44,000
Dairy and grass farms	80,000
Remount depôts and horse-breeding operations	55,000
Buildings and ranges for Volunteers	20,000
Ordnance machinery and stores	200,000
Medical stores	45,000

"Recurring expenditure and various minor items account for the balance.

"The expenditure under the second head, *viz.*, "redistribution and reorganisation," may be divided into two categories:—

1. Purchase of land and the building operations entailed by the redistribution scheme; and
2. Providing for the necessary preparation for war under the reorganisation scheme.

"The first of these categories has cost us £958,400, of which £153,600 was spent in providing barracks at Quetta for one British and two Indian battalions, and £132,000 in constructing the Nowshera Cavalry Cantonment. These are the only two places beyond the Indus where additional accommodation has been provided.

"Two years ago in this Council I explained that my policy of redistribution did not contemplate the massing of large numbers of troops on the North-West Frontier, and that I was entirely opposed to any such policy. Notwithstanding that declaration, I see that recently a distinguished General Officer, formerly Military Member of the Viceroy's Council, has stated, in a letter to the papers, that he knows far better than I do what my policy meant, and that the massing of troops on the frontier was the real intention of my redistribution scheme. I can only say that, if such was the case, I have signally failed in carrying it into effect; for I have only allotted £285,600 for accommodation on the frontier out of the total of £958,400 spent on additional buildings.

"On the second of these categories, *viz.*, 'preparing the army for war', the sum spent has been £1,959,000, and the main items of this expenditure have been:—

	£
Ammunition columns and other units added to the army	117,100
Increase of the reserve of artillery ammunition	327,100
Increase of the reserve of small arm ammunition	478,300
Increase of the reserve of machine guns and rifles	197,800
Increase of horses, mules and transport	399,100
Increase of field and general hospitals and medical equipment	89,400
Increase of veterinary field hospitals and equipment	18,300
Increase of mobilisation equipment, including small arms ammunition columns	305,500
Addition of 350 officers to the Indian Army	8,200
Minor items	23,200

making the total under this head, for both redistribution and reorganisation schemes combined, £2,917,400.

"The third head is the recurring charge caused by the redistribution and reorganisation schemes; and the cumulative expenditure of this amounts, naturally, to the balance which brings up the total expenditure to the figures stated by the Hon'ble Finance Member as being the cost of these schemes, *viz.*, £3,688,400. These annual recurring charges have been caused by the changes in, and additions to, the Army that have been made during the past five years. Their aggregate amount during this period has been £771,000, and the annual charge we have, by these measures, placed on the army estimates amounts to £271,400. The annual economies foreshadowed in my speech in this Council two years ago, and now realised, amount to £320,000 and may be placed against this

charge. I may mention that there are other economies that will fall in, in the near future. These charges and economies are now for the first time brought together in the regular budget for the ensuing financial year, which would have been a far more unsatisfactory production had we not had these economies to help us.

"The Hon'ble Finance Member has shewn that, in the five years ending with 1903-04, sums aggregating £5,951,000 were allotted for special military expenditure; and that, excluding cumulative recurring expenditure as was the practice previous to 1904-05, the sums actually expended in the five years ending 1908-09, aggregate £6,999,000, or an increase of £1,048,000. But, from a glance at the accounts, it will be seen that a quite new and very large special charge under one head has had to be met, *viz.*, 'the re-armament of the Artillery.' This alone represents no less than £1,750,000; and, if it had not been necessary to make this change in order to keep our armament up to date, our total special expenditure would have been over £700,000 less than the amounts allotted for the previous five years.

"I pass now to the military budget estimate for the coming year, in the preparation of which we have had to provide for a large increase of expenditure in three directions as compared with the budget of last year. The first of these is the additional payment to the War Office in respect of the cost of providing recruits and reliefs for the portion of the British Army serving in India. The second is the increase of pay and free firewood granted to the Native Army on the 1st January this year. The third is the increase in the cost of food and forage due to the present high prices. For these items taken together we have had to provide an additional sum of £818,300.

"With such a burden to carry, and having regard to the present tightness in the resources of the country, the pruning knife has had to be used with some vigour. Our building programme has had to be curtailed, and the numbers of the workmen in our ordnance factories reduced. Moreover, several undoubtedly useful projects for the improvement of the Army have had to be postponed for the present—to be taken up again, I hope, at a more financially propitious moment.

"We have, in the budget for 1909-10, made adequate provision for the usual services necessary to maintain the Army at its present established strength, and have been able to provide funds to proceed with certain measures, such as:—

1. Completion of our additional Royal Horse and Field Artillery ammunition columns.
2. Developing the local manufacture of quick-firing guns and ammunition.
3. Increase of the Indian Army reserve.
4. The carrying on to completion the building works now in progress.
5. Special defences, and items of minor importance, as well as providing funds to enable us to proceed with a tentative scheme to create a Cavalry School for India.

"If I may detain the Council for a short time longer, I should like to compare the military estimates now under discussion with those of the budget prepared before my arrival in this country, *i.e.*, the budget for the year 1902-03. The net expenditure in the military estimates for that year amounted to £18,094,000, on which the estimates for 1909-10 show an apparent increase of £1,559,000. This figure must be corrected in the first instance by deducting £313,000 on account of the net cost of certain services (the chief of which is the Hyderabad Contingent) which have been transferred from the civil to the military estimates. On the other hand, if we deduct the expenditure classed as special in the two years (£1,128,300 in 1902-03, and £474,900 in 1909-10), and the special provision of £93,000 made in the 1902-03 estimates for the Delhi Durbar and Coronation ceremonies, the increase to be accounted for is raised to £1,992,400. This increase is to some extent discounted by the fact that

our ordinary budget now provides, under the ordnance grant, for the local manufacture of a large amount of war material, which in 1902-03 had to be purchased from home, and the cost of which was treated as special expenditure. Apart, however, from this difference of classification, I think I can show that practically the whole of the increase in expenditure has been forced upon us by causes beyond our control, such as the increased cost of obtaining recruits and reliefs from home for the British Army out here, and the general rise in prices in India. The budget estimates for 1909-10, as compared with those for 1902-03, provide for new or increased charges under the following heads:—£450,000 for the service or proficiency pay of British soldiers; £300,000 on account of the increased payment to the War Office for British recruits and reliefs; £67,000 for the additional cost of trooping arrangements to and from England and the colonies; £131,000 on account of the automatic increase of pensionary and other non-effective charges; and £650,000 for the extra cost of food and forage due to the rise in prices. These charges, which are practically uncontrollable, aggregate £1,598,000, and leave a balance of only £394,400 to be accounted for. This balance is more than covered by the various increases of pay and allowances which it has been found necessary to grant to the officers and men of the Army in India at a total cost of £586,700. The necessity for these increases has been admitted on all sides, and I submit that they may be fairly classed as unavoidable. If these items are deducted, we get a balance of £192,300 in favour of the estimates for the ensuing year.

"But the Army establishments in 1902-03 are not identical with those of the reorganised army of the present day for which we are providing in this budget. The 1902-03 establishment of officers, non-commissioned officers and men of British troops amounted to 74,113. We now have 75,270, or an increase of 1,157, almost entirely due to the requirements of the re-armed artillery. In the Native Army, in 1902-03 we maintained 150,586 officers, non-commissioned officers and men, against the present total of 162,093, or an increase of 11,507. Of these, 7,654 represent the Hyderabad Contingent, for which credit has already been taken in the financial comparison. The further increase is due to the readjustment of establishments, minor increases in the Army, and 350 officers added to the Indian army. Of mobile guns, in 1902-03 we had 460, and we now have 480, or an addition of 20, representing 2 new mountain batteries and 2 heavy batteries. Maxim guns have been increased from 287 to 422; and the horses maintained from a total of 34,975 in 1902-03, to 44,447 at present, giving an increase of 9,472. Of these, however, 2,312 came with the Hyderabad Contingent and have been taken credit for. The remaining increase is due to the extra horses required by the artillery and ammunition columns; to an increase to the reserve of 500 horses; and to an increase in the establishment of horses in British cavalry regiments. In 1902-03 we had 25,191 mules, whilst we now keep 34,179, or an increase of 8,988. Of these, 7,200 have gone to increase the carrying power of our transport; and the remainder to provide for the two new mountain batteries, for supplying Pioneer battalions with equipment mules, and for the increase of Maxim guns. In staff officers the number in 1902-03 was 901 and is now 965. I have already mentioned the increase of 53 of these, and the balance is composed of additional Supply and Transport officers.

"The annual cost of maintaining these additions to the Army is evidently more than the increased sum provided in the 1909-10 budget. Therefore while you are paying your soldiers, both British and Native, individually considerably higher than in 1902-1903, the cost of their service in the Army is less.

"The question naturally arises how has this been accomplished? I think that an answer may be found in the relation that now exists between the military and financial authorities in India.

"Formerly they had very little in common. The military authorities had but slight interest in economy, while the financial authorities concerned themselves as little with considerations of military efficiency. That two great departments of

the same Government should thus regard each other as adversaries, rather than as allies working together to obtain results satisfactory to both, was clearly opposed to all business principles. It is not a matter of surprise that the Finance Department failed to secure possible economies, or that the military authorities were hampered in their struggles for efficiency. Two main factors have brought about an alteration and I hope a permanent alteration—in this respect. On the one hand, the fixing, for a term of years, of an annual maximum beyond which special military expenditure could not be incurred, has taught the soldiers that economical administration is a military as well as a financial interest, and has accustomed them to scrutinise every demand for money with the utmost care before it is put forward, lest, by supporting measures which are merely desirable, they should jeopardise those which are essential. On the other hand, the creation of a special branch of the Finance Department, to deal with military expenditure, in close connection with the Army Department, has, I think, given the financial authorities an insight—perhaps I may say a sympathetic insight—into the real requirements of the Army, which was formerly lacking.

"Your Excellency has placed some of the ablest officers of the Finance Department in charge of the Military Finance Branch. My thanks are due to those officers for the ready and valuable assistance they have afforded, not only to myself, but also to the Heads of Divisions at Army Head-Quarters, by pointing out, at an early stage, the true financial results to be expected from particular proposals, and thus enabling such proposals to be examined with fuller knowledge, and to be dropped or persevered in, in the light of that knowledge. In this connection, I should like to draw attention to an alteration in the form of the India Army Budget Estimates, now made for the first time, and which is the outward and visible sign of an underlying principle to which I attach great importance. I am convinced that real economy in Military expenditure must be the work of the officers of the Army themselves. They, and they alone, are in a position to recognise unhesitatingly the sources of waste, the expenditure which is not necessary to maintain efficiency, and that which, though consecrated by long usage, can be terminated advantageously. But the enforcement of true economy is at best a thankless and disagreeable task. No man undertakes it willingly unless he knows that his efforts will be recognised and acknowledged. Given responsibility, and the knowledge that praise or blame await on the manner in which that responsibility is upheld, I have no doubt whatever that the officers of the Army will prove themselves capable of sound and economical administration. This year, therefore, the India Army Estimates have been compiled on a Divisional basis, shewing clearly all sums, for the administration of which each General Officer Commanding a Division or Independent Brigade is responsible. At the same time a decentralisation of the Military Accounts Department has been carried out, by means of which each Divisional General has been provided with a Financial Adviser. The scrutiny and the comparison of results will now be easy; the responsibility will be clearly defined; and I hope for the best results from this seemingly simple reform.

"In concluding these remarks, which are the last that I shall have the honour to address to this Council, I hope that I may be allowed to say a word about the system of army administration.

"A glance at the history of the army in India shows that though, in the long run, good results have been attained in the past, they were only obtained by following very devious roads and therefore took much time to accomplish, while the methods employed were far from economical and the policy was lacking in continuity. The system of dual advice to the Viceroy on all army matters by two separate members of His Excellency's Council was the main cause of this. The personality of these two high officials had, no doubt, a marked effect on army policy. At times the Commander-in-Chief was the most trusted adviser of the Viceroy, while, at others, it was the Military Member of Council that was listened to. No Viceroy, however, would be likely always to take the advice of one member and discard that of the other. At times the advice of

the less influential member would naturally be accepted; and thus a breach in continuity would probably be established, leading to unexpected deviations and developments. Then again, the member whose advice had been rejected had always to put into execution his share of the accepted policy, of which, of course, he disapproved. I am sure that this was, as a rule, loyally carried out, as far as possible; but I ask, can any independent high official give effect to another's policy of which he disapproves, without introducing any of his personal convictions into it? I trow not.

"India is the only country under the British Crown which maintains a large army and can carry out a continuous policy for its improvement. My advice to the Government of India is not to lose the system which you now possess, or change it back to the dual control which has been abandoned and abolished. Continuity of policy in army affairs is essential, in order to attain economical efficiency. If you duplicate your advisers, you will reel through the mazes of military technicalities, leaning first on the shoulder of one and then on that of the other, and continuity will, and must be, lost.

"We have strengthened very considerably the staff which surrounds and supports the combined Army Member and Commander-in-Chief; and you need have no fear that they and he will not lead you by straighter and cheaper paths to the possession of an efficient, up-to-date army, than was previously possible. Their responsibility is now complete and personal, and cannot be avoided or passed on, by specious arguments, to other shoulders.

"Many other reasons against the dual system exist. I will not now labour the subject, or detain you further. But, for the welfare of the army in India, which I have commanded with so deep an interest and whose future success I have so keenly at heart, I cannot help impressing upon you, as strongly as I can, my conviction that it is only by continuity in military policy that the army can be maintained always able and ready to fulfil its grave responsibilities."

His Honour THE LIEUTENANT-GOVERNOR said:—"My Lord, I hope that Sir Guy Wilson will allow me, as a late Finance Minister, to tender him my congratulations on the courage and skill with which he has dealt with a difficult situation. The large deficit in the current year is due partly to the famine in Northern India, and partly to the large grants which have been assigned to various Local Governments, including 30 lakhs to the fortunate United Provinces over and above the whole of their famine expenditure. But, as the Finance Minister points out, it is principally due to the signal failure of the Railways to earn the net returns which were anticipated.

"In so far as that failure is due to a shrinkage of gross earnings, it is likely to be of merely temporary duration, and need cause little apprehension.

"But, so far as I can understand, the great slump in net earnings is due not nearly so much to a reduction in gross traffic receipts, as to an enormous increase in what are called working expenses. The loss under the first head is stated by the Railway Board to be £876,000, whereas the increase of working expenses is shown in the account to be £1,410,000.

"That however is not nearly all. If the gross traffic receipts have fallen off by nearly £900,000, the cost of moving the reduced traffic should, naturally, have fallen off by, let us say, £400,000. It follows that the excess which has to be explained is considerably more than a million and three-quarters. I am constrained to say that the explanation presented in the Memorandum of the Railway Board seems singularly inadequate. Something is doubtless due to the cost of coal, though we are not told what it amounts to. Grain compensation is said to amount to 23½ lakhs, or £157,000, *i.e.*, less than $\frac{1}{10}$th of the total excess. Floods on the North Western Railway are called in to account for some unspecified part of the remainder; but I seem to remember hearing of similar floods for several years before on that line. A great deal is attributed to repairs and renewals, and we are told that commitments had been entered into which could not be stopped. I will not stop to consider the question whether any Railway Administration is at liberty to enter

into commitments of this kind which cannot be modified or contracted if the ensuing year is one of deficit. But I do affirm without hesitation that any Administration which contemplates doing so is bound by all the canons of finance and common sense to provide for the corresponding expenditure in its estimates. And in the present instance we have to face the plain fact that the working expenses, in spite of a heavy reduction in the traffic carried, have exceeded the estimate by not much less than a million and a half.

"My Hon'ble friend, in balancing his budget for the ensuing year, has taken credit for an increase of net Railway receipts of $2\frac{1}{2}$ millions sterling. So far as gross earnings go, his estimate may very fairly be justified. But I will venture to offer a word of warning in regard to the net receipts. Recent experience indicates how mournfully these estimates are liable to be falsified; and unless Railway Administrations can be made to understand that in matters of expenditure they must work within their Budget allotments, like all other great spending departments, and that no excess can be permitted except for the purpose of carrying an unexpected volume of additional traffic, I fear that great trouble lies ahead.

"In making these remarks, I need scarcely say that I have no desire whatsoever to embarrass the Finance Minister. On the contrary, my sole object is, so far as lies in my power, to strengthen his hands in dealing with a danger which had already risen above the horizon in my own time, and which has since become threatening and acute.

"Mr. Gokhale has returned to the charge once more on the subject of our surpluses; he maintains that these should be expended on such matters as primary education, sanitation and the like, and he complains that we were not justified in expending them on railway construction.

"I do not know that it is worth while to discuss this at any length, for the Hon'ble Member and the Government of India must agree to differ. But perhaps I may say that in my judgment, in the interest of economy, no better application could be made of any surplus funds than the reduction of debt. If more money is required for expenditure on education or sanitation, let it be provided in the budget. But after that has been done, then, when a surplus does occur, let it be applied in India, as I believe it is applied in most other civilized countries, to reducing the public indebtedness.

"There are only two other points in the Financial Statement and the speeches of the Hon'ble Members to which I desire to allude.

"The Hon'ble Mr. Apcar has made some observations on the subject of exchange, and has criticized the action of Government in respect of the measures taken to support it.

"As regards the future, or even the present, I do not feel called upon to say anything, for it is only the Finance Minister of the day who can state the views and intentions of this Government with authority.

"But Mr. Apcar has made a statement regarding the past, in which he has unwittingly committed an inaccuracy, and has done less than justice to the Government of which I was then a member. He has told us that when exchange fell in November 1907 to 1*s.* $3\frac{11}{16}$*d.* the question became one of practical urgency. 'Yet the policy of Government during this time of crisis was notable only for inactivity. It was not till the end of March 1908, in spite of urgent representations from the Banks, that Government commenced to offer sterling bills on the Secretary of State in London.'

"The suggestion thus made is quite incorrect. If the Hon'ble Member had referred to paragraphs 95 to 98 of last year's Financial Statement, he would have found a complete account of the measures taken in the winter of 1907-08 to maintain exchange, and also of their effect. These measures were, firstly, the stoppage of the sale of bills by the Secretary of State; and, secondly, the release by the Secretary of State of his currency gold in London. This currency gold is our first line of defence, and it was clearly right to use it before falling back on the Gold Standard Reserve. The first million of currency gold was

released on the 25th November 1907, and further sums of one million and half a million were released on the 6th and 18th December respectively. It was also arranged with the Banks that if exchange should fall below gold export point, Telegraphic Transfers on London should be sold in India at a fixed rate. The effect of these measures was immediate. By the 30th November exchange had recovered and stood above gold export point: and it remained at that level till the end of March 1908. The reason, the obvious and sufficient reason, why bills on London were not offered for sale till the 26th March was that till that date exchange had not fallen below export point. There was no need to sell them, and no possibility of doing so.

"I trust that my Hon'ble friend the Finance Minister will not consider that I have encroached unduly on his province by offering this explanation.

"The only other matter on which I desire to trouble the Finance Minister is the urgent necessity for undertaking a revision of the present Provincial Settlement of Bengal, and for concluding a new one on terms more commensurate with the size, population and importance of the Province, and with its present necessities.

"At the present time we are paying over 9 lakhs a year on account of grain compensation, and during the four years ending with 1909-10 we shall have spent over 33 lakhs on this item, for which the present settlement makes no provision whatever. Similarly, we have to provide over 9 lakhs in the ensuing year for famine relief, over and above the Imperial portion of the charge; during the same period of four years we shall have spent some 19 lakhs on this item; and for this also the Settlement makes no provision whatever. We are also spending a very large sum—I cannot give the exact figure—under the heads of Police, Law Charges and Jails, in connection with the special measures for the maintenance of order and the repression and punishment of anarchical crime. It would be criminal folly to relax any of these precautions at present, and the money must be found for them at any cost. During the four years beginning with 1906-07 and including the ensuing year, we shall have spent on these three groups of charges more than 69 lakhs of rupees; and our cash balance, which on the 1st April 1906 stood at 61 lakhs, has now been reduced to zero; it would indeed have been a *minus* quantity had not the Government of India come to our aid and wiped out the deficit.

"I am well aware that every Province is expected to make some provision for unforeseen charges from the normal growth of its revenues; but it is manifest that no Province can hope to do so on such a scale as this, without crippling its internal administration. That is what has happened in Bengal. Our public works grant has been cut down to 45 lakhs, the bare standard fixed four years ago, with absolutely no allowance for natural and legitimate expansion. As a consequence, while we have provided 17 lakhs for completing or continuing certain works which are actually under construction, we have been unable to undertake a single new work of any description, though the demands upon us are of the most imperative character. The Ranchi College, which has been sanctioned by the Government of India and the Secretary of State, is indefinitely postponed because we have no money, and are unable to fulfil the conditions on which the Maharaja of Burdwan made a generous contribution of a lakh of rupees towards it last year. Land has been acquired for an extension of the Presidency College—a most urgently necessary measure—but it has to lie vacant because not a single rupee can be found for erecting the buildings. The University Regulations involve largely increased expenditure on our colleges, if they are to escape disaffiliation; we are endeavouring to compel the private colleges to comply with the new requirements, and yet we are unable to make the requisite provision even in our Government institutions. Well devised schemes for the improvement of secondary and technical education, of which Bengal stands in need at least as much as any other part of India, are indefinitely postponed for want of funds. An acute epidemic of small-pox is raging in Calcutta; the small-pox hospital at Sealdah is a disgrace to

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the city and a danger to the population: yet I am quite unable to provide funds for a new one. Most of the Bengal jails are unsuited to the class of prisoners with whom we have now to deal; but there is no possibility of remodelling them. I will not weary the Council with further details; but wherever I go on tour I am forced at every turn to refuse the most reasonable requests for local expenditure, and even to reject generous offers of private contributions, because I am unable to meet the Government share of the outlay. The position is becoming impossible. It cannot fail to produce a general feeling of apathy and discontent which must greatly increase the difficulty of our task in dealing with the political situation. In the course of the year, if there should be signs of an improvement in the financial situation, I shall submit proposals for a revision of the Provincial settlement on juster and more liberal lines; and I earnestly hope that they will receive the sympathetic consideration of Your Excellency's Government and of the Hon'ble Finance Minister; and that Bengal may be allowed the first call upon whatever funds may be available in the Imperial exchequer."

The Hon'ble SIR GUY FLEETWOOD WILSON said :—" Before dealing with the points which have been so ably dwelt upon by the Hon'ble Members who have spoken, I would ask to be allowed to make a passing allusion to the lamented death of one who filled with conspicuous ability the post which I have the honour at present to hold. I allude to Sir Edward Law. It may be said that the predominant feature of his character was his almost passionate love for India and his desire to promote the welfare of her teeming population. I feel sure that I am voicing the feelings of all those present, as well as of all others who were brought in contact with him, when I give expression to the sympathy we feel for Lady Law in her sad bereavement. I would ask you, my Lord, to allow me to make one other allusion of a personal character. I would ask to be allowed to bear testimony to the great value of the work done by one who for a period of several months so successfully discharged the duties of Finance Member of Council. Mr. Meston's work has been typical of that marked ability and that superb loyalty which are the proud characteristics of that service which may claim to be the finest in the world—the Civil Service of India. Personally I owe him a deep debt of gratitude.

" I will now deal with the speeches delivered by Hon'ble Members in so far as they concern my Department.

" No one can possibly take exception to the tone of the debate.

" The criticisms on the Budget have been expressed with force and lucidity, but they have been marked as well by a courtesy and consideration for which I would ask Hon'ble Members to accept my respectful thanks. I am also deeply grateful for the sympathy and support which have been so generously accorded me in the difficult and unpopular task of curtailing expenditure. Dealing first with the Army, I do not think after the full and remarkably clear statement of His Excellency the Commander-in-Chief that it is necessary for me to allude to more than two points.

" In the first place I can and do give the assurance that neither efficiency nor reserves have been made to suffer in effecting economy. Having spent in the last few years over 2 millions in increasing our war reserves under the re-organisation scheme, we are able to reduce the expenditure without depleting the reserves and army efficiency is being fully maintained at its present high standard.

" The second point to which I wish to allude is the increase of £300,000 in the Indian military contribution.

" No useful purpose would, I think, be served by going now into the details of this question. The statements which have been made in the House of Commons, and which have no doubt been brought to the cognizance of Hon'ble Members, show that in the opinion of the War Department at home India does not even now pay its full share. I do not think that we need discuss

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that point at the present moment. What we have to deal with is an accomplished fact. The question whether or no India pays too much, enough, or too little, was referred to an exceptionally strong Committee, presided over by one of England's ablest judges, and included two representatives from India of the highest standing. The subject had to be approached from an actuarial and very technical standpoint which it would have been extremely difficult to place clearly before the public and which, even if that had been possible, the public would have found it difficult to appreciate.

"The outcome of the negotiations resulted in an agreement between the two Secretaries of State, under the conditions indicated by Mr. Buchanan quite recently in the House of Commons.

"I am well aware that the Government of India had entered a protest against any increase of charge being thrown on India; but when it is remembered that the two representatives from India were Sir John Edge and Sir Beauchamp Duff, it must be conceded, I think, that the Indian case was presented with consummate ability. It must further be borne in mind that the decision arrived at was agreed to by a Secretary of State who, as is generally recognised, has always given evidence of his great sympathy with India, and who has never hesitated to keep well in the forefront the interests of the Indian people. I think the only course open to us now is to accept the decision arrived at as a final one.

"The next subject I will allude to is Railways.

"On the broad lines of our policy of railway development, we have heard a good deal of interesting criticism, much of which is mutually destructive, inasmuch as it represents two diametrically opposite schools of opinion. Fortunately it does not fall to my lot to answer our critics, as my Hon'ble Colleague, Mr. Harvey, has dealt with them. There is one minor point however on which I may be allowed to supplement the remarks which fell from him. I have seen questions in the Press regarding the exact significance of my statement last week that the railways were worked at a net loss during the year now closing. An answer to these questions will be found in the figured tables attached to the Financial Statement. But I have been asked more particularly whether it is a fact that we have debited against the current earnings of the old guaranteed railways the annuity payments which represent instalments of the cost of purchasing those lines. My answer to this is that we do charge the annuity payments in the manner indicated, and that we do so deliberately. I readily recognize that it is unsound finance to build or to buy railways out of revenue, more especially when they are remunerative property. But in respect of these particular lines, there is much to be said for the course pursued. It was decided to purchase these lines by means of terminable annuities instead of by cash payments, for the good reason that, under the terms of the contracts, that method was the more profitable to Indian revenues. There is in practice very little to distinguish a terminable annuity from a sinking fund; and the purchase having been effected in this particular way, we necessarily debit the annual charges to revenue. A sinking fund chargeable against capital is a contradiction in terms which would be hardly defensible.

"The Hon'ble Mr. Apcar has expressed regret that the necessities of the year have compelled the capital expenditure on State Railways to be fixed at 15 crores, instead of $18\frac{3}{4}$ crores. I believe—as Mr. Apcar hopes—that the postponement of the higher scale of expenditure is only temporary, and that the Secretary of State will sanction an $18\frac{3}{4}$ crore programme as soon as the financial position permits. The provision of funds for the programme is a matter which is very largely in his hands, our capital resources in India being extremely limited. Mr. Apcar has deprecated with much earnestness the employment of any part of the profits on coinage for railway purposes. It should be remembered, if that source of revenue is withdrawn, how comparatively little remains at our command in India. Let us consider what we have available. A revenue surplus, which in lean years may be attainable with difficulty, and only as the result of pinching the general administration. A part of the

Famine Insurance grant, which in times of scarcity automatically fails us. The net incomings of our Post Office Savings Banks and a few miscellaneous funds, from which the return, though fairly sure, is not substantial. And finally, our annual rupee loan which exhausts the local market, we are told, when we try to put it higher than from 2 to 3 crores. From this enumeration of our Indian resources, it is obvious how largely we are dependent on loans in England for the development of our railways. And considering the recent state of the market in England for Indian investments, I confess to a feeling of surprise, not that the railway programme had to be curtailed, but that we have been able to pitch it at so high a figure as 15 crores.

"I come now to Provincial Finance.

"We have heard a good deal today about the growing needs of Provincial Governments, and about the defects of certain of the provincial settlements. I have neither written nor said anything which can be taken as indicative of want of sympathy with Local Governments in the many pressing claims upon them and in the many admirable schemes which they would undertake if their finances permitted. My sympathy with them is genuine, all the more so that the Government of India are experiencing to the full the same inconveniences and the same disappointments. But we must all unite in the painful process of cutting our coat according to our cloth; and we must trust that better times will come for Provincial as well as Imperial revenues. The Government of India have not been sparing of their aid to Local Governments in the past, and in the present circumstances we count on their co-operation in the economies which have become imperative.

"As regards the provincial settlements, I speak with entire impartiality, inasmuch as the whole of the existing settlements (with the exception of certain details relating to the United Provinces) were arranged before I took office. I have, however, had an opportunity of studying the system of settlements. They were designed to allot to each Local Government a substantial share of its growing revenues, to dispense with the necessity of periodical doles and earmarked grants from Imperial resources, and to place the province in the position of being able to adjust the growth of its administrative needs to the growth of its income in practical permanency. I believe I am not wrong in saying that my predecessor Sir Edward Baker regarded the settlements as liberal ones; and I hold entirely to the same view. They have started badly in certain provinces, partly owing to the recent famine, partly owing to the burden of high prices, partly owing to the special difficulties of administration in the last year or two, and partly owing also, as in Burma, to a temporary set-back in the revenues. There is no reason to doubt that these causes will disappear in time; and there is every reason to expect that the Local Governments will tide over their period of trouble without risking the permanency of their settlements, which seems to me one of the strongest factors in their financial independence. I fully recognize that the Local Government must advance with the times; and there are many incessant demands upon them, such as the improvement of secondary education and the development of technological education, with which the Government of India are in complete sympathy. It would be entirely wrong, in my position, to hold out any definite promises; but, should we return to the happy era of large surpluses, I have little doubt that the Government of India will be ready to share their good fortune with those provinces which genuinely require assistance in the carrying out of such projects.

"Turning now to the particular provincial settlements upon which Hon'ble Members have spoken today, I need only deal lightly with that of Madras. The last revision of the settlement with that province was entirely of the nature of an adjustment, intended to give Madras the same shares of the principal heads of revenue as the other provinces and to replace fixed and inelastic assets by growing resources. In spite of his criticism upon sundry details in the figures, I am sure that my Hon'ble friend Mr. Andrew recognises how liberal the settlement was, and the fairest proof of its success lies in the fact that the province has greatly to its credit now built up a balance well in excess of a crore of rupees.

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"The grievances of Burma have been voiced with much moderation and fairness by the Hon'ble Maung Bah Too. I have studied the records of the last Burma Settlement with considerable care; and I can assure my Hon'ble friend that he is entirely mistaken in his fear that the distance of his province from the head-quarters of the Government of India has prejudiced its case. I think that, on the contrary, there was particular anxiety to ensure that the province should not suffer *in absentiâ*, and that special efforts were made to provide it with adequate resources. It must be confessed however that, since the settlement was made, there has been some arrest in the progress of the provincial resources. The Forest-revenue in particular, which is one of Burma's greatest assets, has not answered expectations. From all that I can gather, this set-back is temporary; and I trust that Burma will be patient until either its revenue recovers or there is clear evidence that we permanently over-estimated its resources. In the meantime, a careful scrutiny of the Burma estimates suggests that there have been a certain number of items of expenditure which it was not unreasonable to ask the province to postpone or abandon pending the results of a few years' test of the operation of its settlement.

"Next, I come to the United Provinces, which are put in a somewhat invidious position by the very high figures of the grants which the Local Government has received at a time when retrenchment was being stringently enforced elsewhere. I wish to make it perfectly clear to the Council that this is not the result of any differential treatment to the United Provinces, but of the severe trial out of which they are now emerging. Famine fell upon them in 1907, when the province was working under a settlement which was admittedly inadequate. It swept away the whole accumulated balances of the Local Government, the cost of direct relief alone being over 30 lakhs; and we had to give special help to the Local Government to enable it to open the current year and its new settlement with the prescribed balance. In 1908-1909, famine and its concomitants again paralyzed the provincial finance, which had to find 62½ lakhs for direct relief expenditure and 10⅓ lakhs for irrecoverable loans, to say nothing of heavy indirect losses due to the same cause.

"The two specific items of loss that I have mentioned represent very closely the sum (72·92 lakhs to be exact) which we have given the Local Government in order to place it in the position we intended it to occupy at the outset of its new settlement. The additional 10 lakhs was a special initial grant with which the Secretary of State has allowed the new settlement to be inaugurated.

"I regret that the two Hon'ble Members who represent the province regard the grant as inadequate: I can only assure them that we were neither able, nor would we have been allowed, to give more.

"There remains Bengal. With regard to it, I trust I am not unjust in the suspicion that it had begun not only to live up to its means, but in some measure to discount the future, before the special troubles befell it which are now straining its resources. The existing settlement was made only three years ago; it was considered an adequate and even liberal provision for the province; it had been preceded two years before by a special grant of 50 lakhs, and when the settlement began, there was a total credit balance of nearly 63 lakhs. A few months ago, when our Hon'ble Colleague, the present Lieutenant-Governor, took over charge of the province, the balances had disappeared and there was every prospect of a very heavy deficit. Under Sir Edward Baker's orders, no time was lost in curtailing expenditure; but it was too late to avoid a considerable overdraft upon Imperial funds. (I neglect the 50 lakhs in the Provincial balances which is earmarked for the Calcutta Improvement Scheme.) We have decided to write off that overdraft and to give the province such a measure of help as will enable it to close next year with a *nil* balance. It was quite impossible, in the face of our own difficulties, to do more. But we recognize the gravity of the task which confronts Sir Edward Baker, and if our own position improves, the Government of India will give their most careful consideration to the weighty plea which the Lieutenant-Governor has put forward today on behalf of the great province which is entrusted to his care.

[*Sir Guy Fleetwood Wilson.*]

"Before leaving this subject, I would add a word of explanation regarding the grants for University Education to which the Hon'ble Sir Harvey Adamson has alluded. The grants will not be found in provincial budgets because I had not received the Secretary of State's sanction to them in time to do more than show them as a lump provision in the India Estimates. The actual distribution will be as follows:—

	R
Central Provinces	10,000
Eastern Bengal and Assam	20,000
Bengal	1,60,000
Punjab	60,000
Bombay	65,000
	3,15,000

Madras and the United Provinces have received their grants through their provincial settlements. The subsidies are for one year only, and the necessity for further Imperial assistance will have to be reconsidered before next year.

"It is to me a matter of very genuine regret not to be able to give a sympathetic reply to the eloquent appeal which has been made in more than one quarter in regard to dear food compensation.

"In regard to this I may say that for some years past the difficulty which the Finance Member has had to face has been the equitable allotment of surplus funds. This is not my good fortune. This year we are only just able to escape fresh taxation and there are no surplus funds to allot.

"Next I will deal with the miscellaneous criticisms which have fallen from Hon'ble Members today. Among them the question of sanitation has received some attention. There seems little doubt that, under the stress of their general financial difficulties, most of the Local Governments have been obliged to defer schemes for sanitary improvement which might otherwise have made progress. But the Nawab Saiyid Muhammad is mistaken in thinking that we have withdrawn the grant of 30 lakhs which was given last year for sanitary purposes with special relation to plague preventive measures. That grant, as Sir Edward Baker explained in paragraph 65 of last year's Financial Statement, was an annual one, and it has been again allotted to the different provinces in their budgets for the coming year.

"Next, I would allude to a suggestion by the Hon'ble Mr. Andrew that District Boards in Madras may be allowed to borrow within limits from Provincial funds for the construction of local lines, without those lines being thereby brought on to the Railway programme. The Government of India have watched with much interest the energy and enterprise with which the Madras Boards have set to open up their districts by feeder railways, and it is a sincere gratification to hear of their success. But I am afraid that the privilege which my Hon'ble friend asks for is impracticable. The Railway programme is more than a mere forecast of railway projects. It is also an estimate of the whole of our resources available for railway construction. Those resources are necessarily diminished by any loans which are made from our general cash balances to District Boards; and the result of excluding lines which the Boards build from public funds would simply be a *pro tanto* reduction of our programme. In other words, the feeder lines in Madras districts would be given a prior claim on our general resources to the lines of more Imperial interest. I am afraid we could not contemplate this result with equanimity, however desirable these local works may be in themselves. If the Boards wish to keep their lines outside the programme they must finance them either by guarantees or from their own savings or by loans in the open market.

"The question has been raised of the valuation of the securities held in the Currency reserve, and exception has been taken to their being valued at 12 crores, when we all know that there has been a considerable fall in values since they were purchased. I take it that Hon'ble Members are aware that the investments of the Currency reserve are shown not at their face value,

[*Sir Guy Fleetwood Wilson.*]

but at the price which we paid for them. This is the procedure which the legislature has directed, and our published accounts are therefore in strict conformity with the requirements of the law.

"I should not adopt the expedient however of sheltering myself behind a technical defence of the provisions in the Act if there were any substantial or permanent deterioration in the value of our Currency investments. In such a case I fully recognize that something equivalent to a depreciation account would be not unreasonable. But the facts are as follows:—

"The total valuation of the securities is 11·17 crores as against the 12 crores which we paid for them. The deficiency is not serious and a slight revival in gilt-edged securities would wipe it out. I do not think therefore that there would be advantage in attempting periodical adjustments, so as to keep the value of the actual paper up to its original cost price. So long as the fiduciary element in our circulation is kept within moderate bounds, we need not be anxious about minor fluctuations in the value of the securities held against it.

"The two subjects in regard to which I now invite your attention are both subjects of first importance.

"They are currency and the prevailing high prices. I will take them in the order named.

"Our currency policy in general and the position of our Gold Standard Reserve in particular have figured most prominently in today's debate. It is right and fitting that the subject should have the prominence it has received, for there is no other factor in our Indian finances which is so intimately associated with the commercial interests of the country, and through those interests with the well-being of the great mass of the people. Holding these views I am glad to find that I am not called upon to defend our currency policy against any attacks upon its main features. Upon those, so far as I can judge from the speeches we have heard today, the Council is in virtual agreement. We may differ regarding the location of our gold or the pace at which it should accumulate; but we are all agreed that a strong holding of gold is essential to our salvation. We may have divergent views about the most effective manner of supporting exchange; but we are at one regarding the importance of active intervention when it falls below specie point. We may not agree as to the effect of our coinage on prices; but it is hardly suggested that we should re-open the Mints and allow the rupee to find its own level.

"Such being the position as regards the cardinal points of our policy, I cannot see that any good purpose would be served by holding a formal enquiry into currency matters generally. The need for such an enquiry has been eloquently urged by the Hon'ble Mr. Apcar; and I am aware that suggestions for a new Currency Commission have been received from several Chambers of Commerce. We have had a good many Commissions lately, and I am disposed to think that India in that respect deserves a rest. Commissions are always expensive, not always conclusive, and are usually somewhat unsettling bodies, and the one thing that our currency policy requires is that it should be allowed to settle down into regular habits. Nor can I admit that our currency policy, as based on the broad principles enunciated by Lord Herschell's Committee, has departed so materially from those principles as to demand a fresh special investigation. Currency is a living organism and must adapt itself to changing circumstances. The changes in our policy have been adaptations rather than variations. Fault has been found for example with Government for building up a silver reserve in India. That measure was justified by my predecessor on a previous occasion, and calls for no further defence from me; but the same complaint has been repeated today. I am afraid that the public memory in regard to public finance is sometimes short; and in face of the scarcity of gold which is the prominent feature of our position today, some of us are apt to forget that the time has been, and may come again, when the scarcity of rupees constitutes an imminent danger. The comparatively small silver reserve of 4 millions

was not attempted until we had accumulated 12½ millions of gold, and it was a pressing necessity at the time. In regard to the other diversion from our original policy for which we are frequently taken to task, namely, the appropriation of a part of our coinage profits for railway capital purposes, I do not think I can do more than refer our critics to the views of that strong Committee of financial and commercial experts upon whose advice this particular step was taken by the Secretary of State. I doubt whether another Currency Commission would disperse our silver reserve, or add to the data upon which Sir James Mackay's Committee based their recommendations.

"I readily admit however that the events of 1907 and 1908 have thrown a vivid search-light upon our currency policy, and it is incumbent on us to see that the results are not lost sight of. In passing, I should like to acknowledge the ability, the courtesy and the clearness with which those results were summarised by the Hon'ble Mr. Proctor in his speech at the annual meeting on the Bombay Chamber of Commerce on the 3rd of this month.

"Turning from principle to practice, I find very little to add to what the Council already know regarding our action during the recent period of low exchange. There were two stages in that period, one prior to, and the other subequent to, March 1908. The action taken by Government during the earlier stage has been vindicated by my predecessor, Sir Edward Baker, in his last Financial Statement and again in his remarks today. The later stage has been one of steady perseverance on the lines already laid down. We have parted with our gold freely, both in England and in India; we have kept exchange successfully up to specie point; and we close the year with £9½ millions in gold and gold securities (£1½ millions in the Currency Reserve, and £8 millions in the Gold Standard Reserve). We are thus far from being defenceless in a further campaign against exchange, should another year of adverse trade again force it upon us, a contingency which at present I hope we need not dread. Nor is the result one of which we need be ashamed, seeing that the Gold Standard Reserve is not yet eight years old, and that this is the first occasion on which it has been put to the test. For the future I can only reiterate what I have said in the Financial Statement, that it is our clear duty to develop and strengthen our gold resources by every means in our power.

"My Lord, I turn now to an economic feature of recent years, which yields to no other in importance, and which has found its fitting place in several of the speeches today: I allude to the rise in prices. I approach the subject with great reserve, both on account of its complexity and because it is at present under discussion between the Government of India and the Secretary of State.

"But it would be a poor compliment to the sincerity and skill with which the subject has been handled by previous speakers if I were to keep silence regarding it. I can however but touch the fringe of the subject and I must make it apparent at the outset that I put forward no remedy for high prices, and that I approach it purely from the point of view of trying to make clear some of our ideas on the subject. Nor can I make any announcement yet regarding an enquiry into prices, for the manner and agency of the enquiry are still under the Secretary of State's consideration.

"The first aspect of the case to which I would invite attention is the vast extent to which the rise in prices concerns Government. Some of our critics write and speak as if Government were responsible for the phenomenon. Others, without going so far, appear to believe that Government are languid and uninterested spectators of the rise in prices. Nothing could be further from the truth. The high prices affect all Local Governments and the Imperial Government gravely and directly. In the increased charges for food and forage in the Army, in the heavy payments by all the Civil Departments as compensation for the dearness of food-grains, in the high dietary charges of jails, and in many other ways, the high prices fall very heavily on Government. They also react upon Government sharply and constantly, through the unceasing pressure on the part of Government employés of nearly all grades for better pay in

[*Sir Guy Fleetwood Wilson.*]

consequence of the increased cost of living. It is impossible for Government to shut its ears to the demand of its servants; and I hope the Council will pardon me if I digress for a moment to explain some of the liabilities entailed on Government, as a large employer of labour, by the recent upward movement in prices.

"The main provision for meeting the distress caused among our subordinates by the exceptional rise in prices consists of course in the authority given to Local Governments to grant compensation for dearness of food-grains, This grant was till lately available only for men drawing Rs. 16 or under; we have now made it available for men drawing Rs. 30 or under, and during 1908-1909 the sum paid to civil employés on this account amounted to no less than £597,000. We have, however, at the same time freely recognised that in addition to these exceptional measures, it is necessary to take steps to recast the scales of pay of the lower paid officials in many of our services. The work can only be done gradually: each case has to be considered on its merits, and any attempt to raise the scale of pay universally would not only be disastrous financially, but would react on the labour market and prejudice private employers of labour. Much, however, has been done in the past years by Provincial Governments, while the cost of the projects for the improvement of the pay of purely subordinate officials which have come before the Imperial Government in the last two years and have been sanctioned by them amounted in 1907 to 60 lakhs per annum and in 1908 to 53 lakhs per annum. In addition to this, we have obtained the sanction of the Secretary of State to institute a General Provident Fund, open to all Government servants. Every one must have met with distressing cases in which Government servants die before they are able to make suitable provision for their families. The new Fund will do much to meet such cases. Subscription will for the future be obligatory on all Europeans and Eurasians drawing over Rs. 100 per mensem and optional for all natives of India on any rate of pay. We have introduced this distinction because we recognise that Indian employés frequently have advantageous means of employing their savings in the improvement or acquisition of private estates; and because we were unwilling to take any step which would compel them to curtail expenditure such as that on the provision of dowries, or marriage and other ceremonies, which religion or custom renders obligatory in their case. Compound interest will be allowed at 4 per cent. and the sum which accumulates to the credit of the subscriber will be his absolute property, and will be handed over to him unconditionally on his retirement or in the case of his death to his heirs.

"I hope I have shown Hon'ble Members that high prices are not viewed with indifference by Government, but that, on the contrary, they are a source of grave anxiety to us, if it were only for their effect on our salary charges. There is another and more subtle danger inherent in high prices, to which Government are exposed in common with the whole community. The cheapness of India's produce and of her labour has been the main reason why she meets her obligations with ease. If prices should rise to a level which interferes seriously with the demand for her products in foreign markets, our export trade would decline and our capacity to pay our debts be diminished. There was at one time some fear that this danger would influence the wheat exports of the season which is now approaching; the market fortunately is strong, and I understand that prices are now adjusting themselves to the position.

"A section of Indian publicists associate high prices with the refusal of Government to discourage the export of food-grains by a heavy export-duty. This view has been recently expressed by our Hon'ble Colleague, the Maharaja of Darbhanga, and it is obviously entitled to the most respectful consideration. There is, on the other hand, a very strong body of informed opinion that the view is based on economic fallacy. I do not propose, however, to discuss it on grounds of economic theory: I wish only to place before the Council a few plain facts which I have drawn from our published statistics for the years 1904—1907. These were three years of very active export and of normally good harvests; and they may be taken as giving tangible evidence of the extent to which the

food supply of the country is depleted by export. During those three years the export of food-grains totalled 11⅓ million tons. The production of food-grains in British India and the Native States is not ascertainable with anything like the same certainty; but a careful estimate suggests that it was not less than 200 million tons; for rice and wheat alone the outturn was about 115 million tons. If any reliance is to be placed on these figures, then the export during the busy triennium which we are considering did not exceed 6 per cent. of the supply. Within the same triennium, however, the price of rice and wheat in India rose by 25 per cent. and most of the other food-grains showed a similar movement. Can it be seriously argued that an export trade which diminishes the food-supply of the country by only 6 per cent. is directly responsible for such a remarkable change in values?

"We do not deny the importance of the movement in prices, the many hardships which it entails, and the dangers which attend it. We are prepared to ascertain the facts with the utmost care and to give our best consideration to any suggestions which are based on knowledge and on accurate data. But we cannot accept in silence the criticisms which lay high prices at the door of Government, or which pretend that Government could alter the position by a stroke of the pen. There are deeper causes than Governmental action at work. India by its adoption of a gold standard has been switched on to the currency gauge of the rest of the world: and is undoubtedly bearing its share in the price fluctuations to which the rest of the world has been subject. Indeed a careful study of the gold prices in Europe during recent years and of the general prices of commodities in India reveals a close parallelism. This country is undergoing great economic changes, and the change in money values is one of them. Whether the change will ultimately result for the good of India, it is difficult to say. We all hope so, and Government will gladly take any part that it prudently can take in forwarding that end.

"There remains but one other subject on which I wish to touch.

"One of the most interesting of the recent developments in our currency system, and one on which I do not think that public opinion has ever been divided, is the universalisation of our 5-rupee currency note. In paragraph 70 of the Financial Statement, I mentioned that further proposals in the same direction were engaging our attention. I am now in a position to outline those proposals. It must of course be fully understood that they are still merely proposals. Before they can be carried into practice, legislation will be necessary, and before legislation is passed it will be incumbent on us to take counsel, fully and formally, with the commercial and other interests affected.

"There is abundant evidence of a general desire that the privileges of the universal 5-rupee note, *i.e.*, legal tender throughout India and free encashment at any currency office, should be extended to the 10-rupee note. We are in full sympathy with that desire. The 5-rupee note has been an unquestioned success; and the more easily convertible we make our currency notes, the more chance have we of increasing their popularity and extending their use as a genuine medium of circulation. We propose therefore to meet the wishes of the representative public bodies who have pressed us to institute an universal 10-rupee note. But I propose to go further than this, and to make all our currency notes universal up to and including the 50-rupee note. This very large expansion of the area of the universal note will manifestly impose heavy responsibilities upon us in the way of ensuring convertibility; and we propose accordingly to abolish the sub-circle arrangements and the special concession by which foreign notes are received in payment of Government dues and at railways and post offices. These are minor privileges which, though always inconvenient to Government, may have been defensible under a rigid system of watertight-compartment currency circles; but they are not required under the more liberal scheme which we now contemplate. To make sure however that the withdrawal of these concessions shall cause no genuine inconvenience to inland trade, I am prepared to lower our rates for treasury and currency transfers as soon as the new arrangements are introduced.

[*Sir Guy Fleetwood Wilson; The President.*]

"Important and far-reaching though these proposals are, I should not have been averse to the still bolder step of making our ₹100 note universal. We should then have been able to divide our paper currency into two distinct categories — notes of ₹100 and under, which would be legal tender in the whole of India, and notes of higher denominations which would be current only within their own circles; the former to feed the true circulation, and the latter to be used mainly as stores of value. The project was a tempting one: but it was considered more prudent to stop for the present at the ₹50 note. We have, however, the Secretary of State's permission to announce that, if the universal ₹10 and ₹50 notes prove a success, and do not cast an unduly heavy burden on us in the movement of specie, the further development to which I have alluded will be undertaken and a universal ₹100 note inaugurated.

"It has devolved on me to present my first budget under conditions which will probably be entirely changed before the next budget discussion takes place.

"The reforms which have been decided upon and which will presumably become operative before this time next year will unquestionably vastly increase the labour and the difficulties of the Finance Member.

"I do not fear the change.

"Undoubtedly it will lead to increased and more searching criticism, but I believe that the criticism will be the outcome not of an intention to embarrass a public servant who is honestly trying to do his duty, but rather of a desire to help him to effect improvement.

"I shall welcome criticism because I believe my critics will be actuated by the same impulse, the same desire, which will influence me—a common desire to improve the work of those who govern and the condition of those who have to bear taxation."

His Excellency THE PRESIDENT said:—"My Hon'ble Colleague, Sir G. Fleetwood Wilson, has assumed charge of his high office at a period of grave anxiety in the history of Indian finance, at a moment requiring the most careful consideration of existing economic conditions together with an unexaggerated forecast of the probabilities and possibilities affecting the future revenues of India. I venture to congratulate him on the clearness with which he has explained the position which confronts us. Till some two years ago a continued prosperity and ever-increasing surpluses may perhaps have rendered us pardonably forgetful of the insecurity of our sources of revenue till the rude awakening of 1907 brought us face to face with those climatic conditions, which from time immemorial have so often been the cause of cruel want and suffering. There was a failure of the monsoon—a failure conveying perhaps little meaning to the well-fed Western world, but full of sad forebodings to the teeming population of the plains of India.

"We closed the financial year 1907-1908 with but a small margin to our credit; and notwithstanding the fairly favourable monsoon of 1908, we were called upon to meet serious demands on behalf of famine relief, whilst later in the year malarial fever accompanied by a heavy mortality went far to incapacitate the populations of Northern India for the agricultural work upon which their every-day welfare depends.

"In addition to these troubles my Hon'ble Colleague has told us, how a great depression in trade has weighed not only upon India but upon the world in general, our railways consequently suffering from an immense diminution in those imports and exports from the distribution of which they to a great extent derive their revenues. It is very disappointing to be told that, for the first time since 1898-99, our railway system has been worked at a loss to the State, still more so to admit the necessity for a reduction of 2½ millions of expenditure on our railway programme, upon which we believe the development and consequent prosperity and happiness of the people of this country so largely depend. Yet recognising the policy which has hitherto directed

the administration of our Indian railways, I cannot think that even the increased development we aspire to would have justified a railway expenditure undoubtedly entailing increased taxation as its immediate consequence. We have had to decide between a choice of evils, and my Hon'ble Colleague has to the best of my belief advised us to follow the safest course. Moreover, we must remember that, though famine, sickness, depression in trade, and loss of railway revenue are the most evident evils with which we have been called to deal, a number of other causes to which my Hon'ble Colleague has alluded have combined to diminish the receipts upon which at the commencement of the last financial year it appeared that we could reasonably rely; that the country is generally poorer not only in respect to revenue, but as to individual wealth, than it was at the time of our big surpluses; and that it has become all the more incumbent upon us to avoid increasing present unavoidable burdens even for the sake of the attractive promises of future development.

"We are called upon to face the financial position as it stands today.

"My Hon'ble Colleague has carefully analysed it for us. He tells us, naturally enough, that with a deficit of over £3½ millions we must not be optimistic, but that, with conditions which it is not unreasonable to anticipate, there is no sufficient cause for pessimism. We must earnestly hope that those conditions will be fulfilled. The most rigid economy is necessarily demanded, not only from the Government of India, but from Local Governments, who have readily and loyally appreciated our difficulties, and I confess that the sacrifices necessarily entailed upon them are exceptionally hard—implying, as they must, the discontinuance or postponement of many useful public works, when possibly the stress of approaching poverty may not have been at first so evident to them as to the Government of India.

"We must hope for better times, and the Hon'ble Mr. Miller has told us that, though the agricultural outlook is not as bright as it might be, it is not discouraging, and that with a single good season we may look forward to a rapid return to prosperity. Certainly we have experienced many misfortunes, but amongst them we have at any rate one consolation—the plague has been much less severe than in past years. We are, however, in no way relaxing our efforts to cope with it—strenuous efforts to combat it in accordance with the best teachings of science are still maintained; and though these efforts may not entirely account for the decrease in mortality, it seems probable that they have largely contributed to it. But though there has been a diminution in plague the serious outbreak of malaria, to which I have already alluded, was the cause of much misery in the Punjab, in the United Provinces, and in the city of Bombay, in coping with which, as well as with plague, our Medical officers have been indefatigable in their labours. Much has been done, too, by scientific research, and we may congratulate ourselves in possessing in the Indian Medical Service officers who, in scientific investigation, competence, and enthusiasm, have few equals in any country in the world.

"His Excellency the Commander-in-Chief has given us an account of his stewardship for the 6½ years during which he has held his high command. I am sure I am only voicing the opinions of my Colleagues in telling him that we have listened to the story of his military administration, not only with deep interest, but with a sincere appreciation of his work and its results. It is no disparagement to his many brilliant predecessrs to say that he has evolved from the factors of a somewhat scattered mass of splendid fighting mateial an Army complete in its component parts. The crippling centralization, which must in bygone days have well nigh broken the hearts of overworked officers, he has dispersed amongst his Divisional Commanders; in fact, the key to his organisation has been the perfection of a system in which the responsibility for the efficiency of each division in all its branches should rest with the General Officer Commanding it—a responsibility which that officer must again himself demand from the Brigadiers and Regimental Commanders under him.

[*The President.*]

"It has been Lord Kitchener's object so to distribute these divisions throughout India, as to facilitate either their mobilisation for a great campaign, or their capacity to furnish at short notice flying columns for some frontier expedition, or to meet sudden demands for internal defence. Notwithstanding much ignorant criticism both as to the intentions of this redistribution, and the manner in which it has been carried out, the objects in view have been ably fulfilled. At the same time a very great deal has been done to bring military equipment, in the broadest sense of the word, up to date, to better the pay and allowances of the native ranks of the Indian Army, and to improve the position of its British officers.

"But in addition to the creation and distribution of military machinery, which the Commander-in-Chief has explained to us, there is the greater question of the future policy which is to direct the high administration of the Army. With the abolition of the Supply Department so well presided over by General Scott, whose personal services this Council will much regret to lose, the last traces of dual military control and dual advice to the Viceroy will disappear, and Lord Kitchener will be the first Commander-in-Chief to unite entirely in himself the command of the Army and the administration of the Army Department. I have no intention of going over the weary arguments for or against a system which has now become obsolete, but it may not be out of place for me to say a few words on the one really vital question affecting a prolonged dispute. Will the new system of Army administration ensure for the Government of India the necessary constitutional control over the Commander-in-Chief? I unhesitatingly assert, after an experience of some years of the results of the transfer to the Commander-in-Chief of the powers and much of the work of the Military Member, that the change of system whilst giving him wider administrative authority has materially detracted from his independence of action. I can understand the apprehensions of my predecessors as to their want of control over him, for though the proposals of a Commander-in-Chief may often have been checked by the interference of the Military Member, the former was in many matters free to act on his own initiative, there was no direct channel of communication whatever between him and the Viceroy, there was no Secretary to Government answerable to the Viceroy for a clear explanation of the Commander-in-Chief's views. The post of Secretary to the Army Department will now always be held by a distinguished General Officer, on the same footing as a Secretary to Government in every other Department—fully entitled to differ with the head of his Department, and with free access to the Viceroy.

"Again as to military finance,—for the careful supervision of which we have to thank Lord Kitchener,—a full acquaintance with any extravagant expenditure proposed by a Commander-in-Chief is much more directly and promptly available to the Viceroy and the Government of India than in the days of the Military Member, for the Secretary to the Military branch of the Finance Department is Joint-Secretary to the Finance Department itself, with the same access to the Viceroy and the same powers as any other Secretary to Government. I believe therefore that the higher administration of the Army has now been placed on a constitutionally safe and thoroughly sound footing, and that the Government of India will do wisely in following Lord Kitchener's advice to safeguard the continuity of that military policy which he has done so much to inaugurate.

"But all of us assembled here today must, I am sure, feel that great as has been the change in the conduct of military affairs, it is small in comparison with the amelioration of long established systems of administration, the possibility and advisability of which have for the last few years called for the most careful consideration of the Government of India.

"This is the last Budget Debate, the last meeting of the Imperial Legislative Council, which will take place in this hall in accordance with the procedure which has been in existence since the Councils Act of 1892 came into force. At the close of the Budget Debate of last year I expressed a hope that,

when this Council next assembled, measures would have been adopted by His Majesty's Government which would go 'far to meet the aspirations of those who have the welfare of the Indian people at heart.' Those measures have been fully discussed by the public in India and in England and are now passing through the last stages of Parliamentary criticism—the fulfilment of my hopes for their success must depend largely on the spirit in which they are finally received by the people of India and upon the honest endeavours of Indian political leaders to further the objects for which they have been framed. But we cannot conceal from ourselves that the origin of those measures, and the conditions which they were intended to meet, have, to a great extent, been lost sight of, or misrepresented. Attractive side-issues have arisen and have eclipsed the main objects the first framers of the reform scheme had in view, and the fact that they were the first framers of that scheme, has either been buried in oblivion, or their action has been attributed to ignoble concession, to unlawful agitation, or to unjustifiable nervousness.

"A true conception of what has been the attitude of the Government of India throughout the history of these reforms is of such immense public importance in respect to the qualifications of that Government to administer the affairs of India that I will venture to quote to my Colleagues the words I made use of in replying to the Hon'ble Mr. Gokhale in the spring of 1907. I said:—

'I recognise with him that politically India is in a transition state; that new and just aspirations are springing up amongst its people, which the ruling power must be prepared not only to meet but to assist. A change is rapidly passing over the land, and we cannot afford to dally. And to my mind nothing would be more unfortunate for India than that the Government of India should fail to recognise the signs of the times. I have deemed it all important that the initiation of possible reforms should emanate from us. I have felt that nothing would be more mischievous to British administration in India in the future than a belief that its Government had acted on no conviction of their own, but simply in submission to agitation in this country and in accordance with instructions conveyed to them from home. If there has been misconception as to this, hope I may be allowed this opportunity of correcting it. The story, as far as I can tell it at present, is simply this—that last autumn I appointed a Committee of my Council to consider the possibility of a development of administrative machinery in accordance with the new conditions we were called upon to face. That Committee's report was considered by my Council, and a Despatch expressing the views of my Colleagues and myself has been forwarded to the Secretary of State. What I would impress upon you is that this move in advance has emanated entirely from the Government of India.'

"That is what I said two years ago, and I repeat it again today all the more strongly. The material from which the Bill now before Parliament has been manufactured, was supplied from the Secretariats of Simla, and emanated entirely from the bureaucracy of the Government of India. The deliberations and correspondence of which the Bill now before Parliament is the result commenced over 2½ years ago. It was in August 1906 that I drew the attention of my Council in a confidential Minute to the change which was so rapidly affecting the political atmosphere of India, bringing with it questions which we could not afford to ignore, and which we must attempt to answer, pointing out that it was 'all-important that the initiative should emanate from us, that the Government of India should not be put in the position of appearing to have its hands forced by agitation in this country or by pressure from home, that we should be the first to recognize surrounding conditions and to place before His Majesty's Government the opinions which personal experience and a close touch with the every-day life of India entitle us to hold.' I consequently appointed the Arundel Committee. That Minute was the first seed of our reforms, sown more than a year before the first anarchist outrage had sent a thrill of shocked surprise throughout India by the attempt to wreck Sir Andrew Fraser's train in December 1907. The policy of the Government of India in respect to reforms has emanated from a mature consideration of political and social conditions, whilst the administrative changes they have advocated, far from being concessions wrung from them, have been over and over again endangered by the commission of outrages which could not but encourage doubts as to the opportuneness of the

[*The President.*]

introduction of political changes, but which I have steadfastly refused to allow to injure the political welfare of the loyal masses of India. As to the reforms themselves, putting aside points which have from time to time formed part of our proposals but have been in no way vital to them, the original pith of our scheme was the enlargement of the Imperial and Legislative Councils on a basis of wider representation of the most stable elements constituting the populations of India—and in a popular sense, I mean in respect to the effect such enlargement of representation will have on the people of this country, that is still the most imporant point in the changes about to be introduced. I have no intention of embarking this afternoon upon any expression of opinion as to the intricate machinery the creation of such representation may require, but I have listened with pleasure to the broad-minded remarks with which my Hon'ble Colleague Mr. Gokhale approached the peculiar necessities of representation in this country. My Hon'ble Colleague also alluded to the opposition clause III of the Reforms Bill has met with at home. I need only say that the Government of India fully recognise the effect the enlarged Councils must have in the future position of Lieutenant-Governors and the transaction of the increasingly heavy duties that will be imposed upon them, and are in full accord with the Secretary of State as to the necessity of the powers the clause confers.

"My Hon'ble Colleagues will, I know, join with me in the regret with which I realize that the term of office of the Hon'ble Sir Erle Richards is about to come to a close. He has filled that office with marked distinction, and we shall miss the able assistance and advice upon which we have so long relied.

"His Majesty the King on the recommendation of the Secretary of State has selected the Hon'ble Mr. Sinha to succeed Sir Erle Richards. I extend to him a hearty welcome, in which his many friends will share, on his appointment to my Executive Council, to a post for which his great attainments, his professional ability, and the high public esteem in which he is held have pre-eminently qualified him.

"The Hon'ble the Nawab* has reminded me of the deputation which addressed me on the 24th of last December. I shall always look upon that occasion as one of the most memorable of my career in India. The moment was one of great anxiety when it had for long been impossible to say what the immediate future might bring forth, and when the reassuring words I listened to were exceptionally full of meaning—all the more so because they were spoken, as the Hon'ble Nawab has told us, with a thorough honesty of purpose by men who, though they might differ from each other on many points, were prepared on behalf of their countrymen to recognize not only the promises of a new political future, but the responsibilities which it must entail.

"It is upon the recognition of those responsibilities by the leaders of Indian thought, it is upon the political tolerance, which it rests with them to encourage amidst a diversity of interests and beliefs, that the happiness of the future of India so largely depends."

The Council adjourned *sine die*.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

CALCUTTA;
The 29th March 1909.

* See Appendix III.

APPENDIX I.*

List of Muhammadan religious and charitable endowments and trusts under Government management in the different provinces.

[Asked for by the Hon'ble NAWAB SAIYAD MUHAMMAD at the meeting of the Legislative Council on the 26th February 1909.]

Provinces.	Name of endowment or trust.
MADRAS	1. The Moideen Sahib Memorial Endowment. 2. The Muhammadan Scholarship Trust, Rajahmundry College. 3. The Wenlock Scholarship Trust. 4. The Muhammadan Scholarship Trust, North Arcot. 5. The Muhammadan Orphan School Trust, North Arcot. 6. The Haji Quasim Prize Trust in the Government College, Mangalore.
BOMBAY	1. Sind Madressah-tul-Islam, Karachi— (*a*) Endowment Fund. (*b*) Talpur Endowment Fund. (*c*) Sir Evan James Memorial Fund. (*d*) Miscellaneous Prize Fund. (*e*) Ghulam Husain Chagla Prize Fund. (*f*) Amir Sir Ali Murad Scholarship Fund. 2. The Juma Masjid of Ahmedabad. 3. The Kazi Shahbudin Endowment, Ahmedabad 4. The Muhammadan Bursary Fund, Ahmedabad. 5. The Okaf Estate of Pir Hajarat Ganjbox Saheb the Sarkhaj Raza, Ahmedabad. 6. The Shah Alam Estate of Syed Imam Hyderbaz valad Musamia of Ahmedabad.
BENGAL	The Mohsin Endowment.
UNITED PROVINCES . .	1. Raja Tasadduk Rasul Khan's Prize Endowment Trust, Agra. 2. The Jahangirabad Jubilee Scholarship Trust, Bara Banki. 3. The Friends of Saiyid Ahmad Scholarship Endowment Trust, Benares. 4. The Nasr-ullah Khan Prize Endowment Trust, Lucknow. 5. The King's Hospital Fund, Lucknow. 6. The King's Poor House Trust Fund, Lucknow. 7. The New Charity Fund, Lucknow. 8. Nawab Ali Asghar Khan's Endowment, Allahabad. 9. Bahu Begam's Stipend Fund, Fyzabad. 10. Bahu Begam's Moti-Mahal and Deorhi Zafaruddaula Fund. 11. Bahu Begam's Garden Fund. 12. The High School Endowment, Bijnor. 13. The Muir Central College Scholarships and Prizes Funds, Allahabad (two funds). 14. The School Fund, Etawah. 15. Ali Bakhsh Khan's Endowment, Gorakhpur.

* *Vide* p. 153.

List of Muhammadan religious and charitable endowments and trusts under Government management in the different provinces—contd.

Provinces.	Name of endowment or trust.
THE PUNJAB . . .	1. The Tomb of the Ex-Nawab of Bahawalpur Trust. 2. The Maintenance Fund of the widow of Mian Muhammad Sultan of Lahore. 3. The Mian Muhammad Sultan Memorial Fund, Lahore. 4. The Itmad-ud-dowla Fund, Delhi.
BURMA	*Nil.*
EASTERN BENGAL AND ASSAM	1. The Syedani Tahirunessa Bibi Chaudhurani Female Hospital at Bogra, and the Bogra Public Library. 2. The Nawab Ashanullah Ripon Scholarship Fund. 3. The Saiyad Abdus Sobhan Scholarship. 4. The Maulvi Abaidullah Fund. 5. The Nawab Ashanullah's Trust. 6. The Pana Mia Endowment.
THE CENTRAL PROVINCES .	*Nil.*
COORG	*Nil.*
THE NORTH-WEST FRONTIER PROVINCE.	*Nil.*

APPENDIX II.*

Statemen tshowing the Cost of Special Commissions of Enquiry.

[Asked for by the Hon'ble *Nawab Bahadur Sir Khwaja Salimulla* at the meeting of the Legislative Council on the 5th February 1909.]

—	1902-03.	1903-04.	1904-05.	1905-06.	1906-07.	1907-08.	1908-09 up to November 1908.	TOTAL.
	R	R	R	R	R	R	R	R
Assam Labour Committee.	...	...	...	...	65,095	44	...	65,139
Stores Committee . .	...	...	...	13,550	...	...	...	13,550
Simla Allowance Committee.	...	...	...	6,112	...	...	...	6,112
Chiefs College Conference.	...	...	296	1,307	...	...	...	1,603
Presidency House accommodation Committee.	...	3,147	2,742	...	...	...	...	5,889
Police Commission . .	1,58,477	1,08,126	3,246	...	...	...	...	2,69,849
Railway Commission .	...	655	340	44	...	...	...	1,039
European Hill Schools Committee.	...	4,106	6,531	333	...	...	...	10,970
Salt Committee . .	...	58,072	6,790	...	...	...	...	64,862
Statistical Committee .	...	...	6,720	...	10,846	...	...	17,566
Survey Committee . .	...	...	60,784	14,245	88	...	...	75,117
House Rent Committee .	...	...	35	40,836	...	...	...	40,871
Excise Committee . .	...	...	...	...	1,12,756	1,919	...	1,14,675
Calcutta University Regulations Committee.	...	...	...	1,32,048	23,256	412	...	1,55,716
Telegraph Committee .	...	...	...	...	1,16,648	26,660	...	1,43,308
Press Committee . .	...	1,000	...	...	...	...	...	1,000
Factory Labour Committee.	...	...	...	...	10,633	1,24,971	80,384	2,15,988
Indian Universities Commission.	76,717	...	..	...	...	...	...	76,717
Malkowal Disaster Commission.	7,848	2,834	...	...	...	...	...	10,682
Industrial Education Committee.	4,865	40	...	...	...	...	...	4,905
Famine Commission.	78	...	...	...	...	...	...	78
Furniture Committee .	3,962	...	...	...	...	...	...	3,962
Civil Procedure Code Committee.	...	...	...	..	...	52,550	...	52,550
Railway Police Committee	...	...	...	..	30,822	33,763	...	64,585
Committee on Decentralization.	...	...	...	...	...	44,415	6	44,421
Royal Commission on Decentralization.	...	...	..	...	...	1,10,056	93,892	2,03,948
Luff Point Commission .	...	4,306	...	...	...	...	...	4,306
Ganges Bridge Committee for 1907.	...	...	...	...	14,568	...	...	14,568
Ganges Bridge Committee for 1908.	...	...	...	...	...	16,795	...	16,795
TOTAL .	2,51,947	1,82,286	87,484	2,08,475	3,84,712	4,11,585	1,74,282	17,00,771

APPENDIX III.*

Speech of the Hon'ble Nawab Bahadur SIR KHWAJA SALIMULLA *of Dacca which in his unavoidable absence was read by the Secretary under the orders of the President.*

"My Lord, it is indeed a matter of regret that after a long succession of prosperity budgets, it should have fallen in the first year of his office to the lot of my Hon'ble friend Sir Fleetwood Wilson to face a deficit budget; but the admirable manner in which he has been able to get Your Excellency's Government to meet its difficulties, and from what we know of the resources and the capability of the country, we may, I think, safely agree with my Hon'ble friend, that in this deficit 'there is no evidence of any adequate cause for pessimism, and I can see no reason why, with a due regard for economy, favourable harvests, and a period of peace, we should not look forward to a return of that prosperity which has characterised former years.' And I feel sure with an expert financier at the helm, who within the short period of five months has been able to so completely master the intricacies and mysteries of Indian finance, we may safely confide in him to restore our financial equilibrium at no distant date. We have to thank Your Lordship that instead of resorting to fresh taxation, in order to meet the growing needs of the country, Your Excellency has adopted the more statesmanlike policy of retrenchment, refraining from launching into new experiments in the administration of the country, and in the raising of loans to meet the capital expenditure of the year. I am one of those who belong to that school—I believe somewhat discredited now-a-days—who approve of making posterity share in the expenditure of which it will derive the most benefit. We are indeed much obliged to our Finance Minister for the interesting statement he has given of the national debt of 16 of the chief countries in the world; if anything was wanting to show how light is the national debt of this country, here we find India occupies something like the eighth place amongst the great countries and states in the world, in the matter of our public debt, but which is the lowest of all the 16 countries in the matter of its debt as per head of the population, *viz.*, £1-1-3 per head, and is only three times the amount of our annual revenue. And therefore the raising of loans to meet our capital expenditure is a satisfactory expediency, and in the light of these remarks if my honourable friend could see his way—by increasing the amount of the loan he is going to raise,—to meet the requirements of the Railway Board it would be money well laid out.

"Turning to the salient features of the budget, my Lord, when I ventured to record my humble protest last week, at this Government being forced to carry out the orders of the Secretary of State, even when 'the men on the spot are very doubtful of the expediency of the orders in question, I confess I had in my mind's eye the fearful increase in the Military expenditure foisted on this country by the Romer Committee, and in which I believe Your Excellency's Government was not consulted, but for the payment of which my Hon'ble friend the Finance Minister at Your Excellency's bidding has fully provided for.

"My Lord, I must thank you sincerely that in the midst of this financial depression and retrenchment, Your Excellency's Government is manfully keeping to its policy of making the hard lot of the subordinate service as little irksome as possible to these the most deserved class of public servants, and that the increase of £55,600 shown as increase under the head of 'Salaries and expenses of Civil Department' will go mainly to the amelioration of their hard lot.

"My Lord, in the midst of these monetary depressions and gloom there are however one or two matters over which I beg to offer Your Excellency my sincere and heartfelt congratulations, not the least amongst these I hold is the return to moderation and sobriety in the political activities of the agitators. We have all looked on with the greatest satisfaction at the tone of their utterances at the Madras Congress and elsewhere, and I for one have no hesitation in holding that had these, the representatives as they call themselves of the

* *Vide* p. 231.

educated Indians, said and done half as much as they are saying and doing now some two years ago, Your Excellency's Government would have had no need of putting the repressive acts of the last six months on the Statute-book, or that rapine, murder and disorder would have taken so strong a hold of the country as we have witnessed. I feign would hope that the good example set by the Hon'ble Mr. Gokhale will be zealously taken up and adopted by those of his party who are still holding back, and that the distant rumbling of thunder we are just beginning again to hear at Faridpur and at the recent Town Hall meeting may, by his sound advice and personal influence with his friends, pass away without breaking the calm that now appears to prevail.

"My Lord, another cause of congratulation and great rejoicing are the reform proposals of Lord Morley, now before the Parliament, as the Indian Councils Bill—and most of us have much to say on this magnificent piece of statesmanship, due to the perseverance, patience and singleness of purpose of, I believe, Your Excellency's Government alone. My only regret is that the rules of this Council could not permit Your Excellency giving us a special whole day to discuss this question in Council, and as all of us will be saying our say on this subject, I will try to be as brief as possible and confine myself in the remarks I am going to make to the broad features of the policy of the reform instituted by Your Excellency's Government. When the long—and anxiously—looked forward to papers on this reform were simultaneously made public, both here and in England on the 18th December last, there was an universal echo throughout the country of thankfulness and gratitude to the Secretary of State and to Your Lordship,—we see in them a grand idea justifying the claim made by Sir Fitzjames Stephens some 50 years ago that 'the Government of India is a Government of great ideas;' and when we, the natural and the self-elected representatives of the various peoples and nations of India—Muhammadans, Hindus, Parsees, Jews, Europeans, etc., etc., approached in deputation Your Excellency, to express our heartfelt and sincere thanks to Your Excellency and to the Secretary of State, it was attempted in certain quarters to show these rejoicings were not spontaneous, but made to order; but I for one am prepared to deny this calumny. For, though there are certain portions of the scheme which do not entirely fit in with what some of us want, yet I was wholly in agreement with what Your Excellency declared in Council that 'we may assume that we are about to enter on a new administrative era, based upon a recognition of the advance of political thought and the justness of many political ambitions,' and it would have savoured of rank ingratitude had we not all joined to, in Your Lordship's happy words, 'welcome this honest attempt to ameliorate the administration of the country'; and I feel certain everyone who attended that deputation did so with the same sole object, *viz.*, to welcome with gratefulness the 'honest attempt made to recognise the advance of political thought and justness of political ambition'. But when I have said this much, Your Lordship, I trust, will give me and others the credit of honesty of purpose where we differ from each other, as well as in certain details in the working out of this magnificent scheme.

"In the same way, when I cordially joined my Moslem brethren in the representation of the All-India Moslem League made by my friend, Mr. Syed Ali Imam, as Chairman of the League at its sessions at Amritsar, it was not that I individually had not some tinge of regret at the total removal of what I and many others think was the greatest feature of Your Excellency's original scheme outlined in the Home Department letter to the Local Governments under No. 2310—17, dated 24th August 1907, and this regret I take this opportunity, with Your Excellency's permission, to place on record.

"My Lord, in my speech at the Budget meeting of two years ago I said 'my own idea is, that instead of the microscopic minority of English-speaking natives alone being invested with increased power of guiding and advising Government, if the Princes, Chiefs and the landed gentry were taken into consultation by Government and given greater facilities of being heard and consulted, there would be greater chance of Government arriving at a policy of administration which would be more conducive to the peace and prosperity of the country. In this speech I spoke at some length on the undesirability of placing increased administrative and political powers in the hands of the professional or so-called

educated classes. But the virulent opposition which the 'Council of notabilities' encountered itself showed that the boot had been put on the right foot, and that it had hit the mark it was intended for, and the lawyers and the vakils who govern and rule our native Press shouted down the very idea which was fatal to their interests, and which 'Your Lordship has correctly summarised in your now ever memorable despatch No. 21 of 1st October 1908, as 'on the other hand the leaders of the professional class regard the Advisory Councils as superfluous and illusory; they protest against class electorates for the Legislative Councils, and they demand the formation of territorial constituencies on a scale which would render their own influence predominant.' And it is indeed with very, very great regret I see the Secretary of State has, unfortunately, eliminated from the scheme even the Advisory Council of Notabilities to the Government of India. The grounds on which this has been done are, I am forced to say, most flimsy; anyhow it is impossible for me to believe that the combined wisdom of Your Excellency's and the Secretary of State's Councils could not have designed and constructed a scheme which would have minimised, if not altogether have removed, the difficulties noticed in paragraph 4 of Your Excellency's despatch No. 21, and in paragraphs 3 and 4 of the Secretary of State's No. 193. It seems to me this is only another instance of 'how not to do a thing we do not wish to do,' and that the interests of the territorial magnates and those of the masses have been sacrificed at the altar of concessions to the lawyers and pleaders. For, my Lord, however much we landholders and zamindars wish not to in any way wreck and destroy this magnificent scheme of reform, I fear the rock on which it will be shattered will be this very elimination of the Council of notabilities, and I still hope that in good time this Advisory Council will form a permanent part of the administration of the country. For until a higher tone of education—instilling a moral character of duty and appreciation of right and wrong—is imbued into the scions of our aristocracy, you will not find there will be many of my class to contest against the pleaders, lawyers and the professional classes, who will naturally monopolise the enlarged Legislative Council of the country, and till that much wished for time arrives, when the young men of my class will hold it a sacred trust, and not think it derogatory to their dignity and position, to enter the arena of a political election, till then I respectfully submit, my Lord, the Advisory Council Your Lordship suggested in the original scheme is the only body which could be of any real and genuine use to Government; as we, the natural representatives of the people, are the only intermediaries between the officials and the masses; their interests and ours are one; their joys and sorrows are ours and ours theirs; we have a common bond of union, having grown up on the same land from generation to generation; there is almost a feudal attachment between us, which as yet Western innovations have not invaded or broken down; and this position, I unhesitatingly say, cannot be attained, my Lord, in the life-time of this Council and of many a successor of the enlarged ones, by the pleaders, lawyers and mukhtears; the interests of the professional class have nothing in common with those of the masses. The people never co-mingle or go to them, for aught else than litigation, and it is thus that the Advisory Councils would have served to be a link between the Government and the masses, and which under the circumstances the enlarged Councils can hardly be. My Lord, from the recent debate in the House of Lords I see that Lord Lansdowne is in favour of these Advisory Councils.

"As regards the representation of my friend Mr. Ali Imam on behalf of the All-India Moslem League, what has been urged therein has my fullest support; but I need not enlarge on it here inasmuch as Lord Morley has acceded to our main request, both from his seat in the House of Lords and in his reply to the deputation that waited on him under the auspices of my venerable friend Mr. Syed Ameer Ali, and for the expression of his opinion on both these occasions we Muhammadans are most sincerely grateful to His Lordship. My Lord, it indeed wanted a firmness of purpose to have withstood the bitter and violent character of opposition the representation to Your Lordship of Mr. Ali Imam, has met with in this country. But this very violence has made Lord Morley see the necessity of granting us our boon and admitting the validity of the considerations on which he has promised the increased and special electorates for our representation. I need only mention one of these considerations, *viz.*, that it was felt that unless

the scheme was substantially modified, it would work most injuriously to the Muhammadans by subjecting their interests to the goodwill of another community; and without the modification asked for, their representation on the enlarged Council would be nominal and worthless. We Musalmans have sought our shares in the political privileges about to be conceded by these reform proposals, such as would, to use the language of Your Excellency, be commensurate with our number, and with our political and historical importance, and the weight of these and the other considerations advanced in Mr. Ali Imam's representation to Your Excellency, and those advanced by the deputation that waited upon Lord Morley, has not in the least been lessened or reduced by what has been urged at the Town Hall meeting of Wednesday last, while in support of our just claim to special representation I beg to cite the weighty words of Lord Reay, perhaps the most able and single-minded of our latter day Governors. His Lordship in the recent debate in the House of Lords, I see, said: 'He was glad the Secretary of State had yielded to the claims of the Mahomedans for separate representation. It was of the utmost importance that the Mahomedan community should be represented by those in whom they have confidence; and any one who have followed their great world movement—and it must be remembered, they numbered 245 millions—were aware of their determination to defend with intensity their own faith.'

"The virulence of the Native Press appears to me to have been directed more against our claim to historical and political importance, the Aga Khan and Mr. Ali Imam personally and the Moslem League in particular, than to the merit of our representation; as regards our claim to historical and political importance, Your Lordship has graciously admitted the same when receiving our deputation at Simla. As regards the League and my friends, they need no advocate to defend them, as their work is before an intelligent, discerning and impartial public and they are prepared to be judged by it.

"My Lord, there is one other matter in connection with these reform proposals that I desire, with Your Lordship's permission, to bring to Your Lordship's notice; my Lord, there was, if anything, but one jarring note in the interesting debate in the House of Lords on the India Councils Bill, and that note has raised wide and various expectations in the minds of the people of this country; my Lord, Lord Macdonald went out of his way to declare 'the partition of Bengal to be the greatest blunder since the days of Clive.' I have always felt that this chance expression of His Lordship was never intended to be taken seriously; but, my Lord, it was just the opportunity to rouse the fading and dying energies of those who have unreasonably cried themselves hoarse and have set themselves to see the partition reversed or modified, and they have again commenced beating the big drum (as it is evident from their recent proceedings at Faridpur and at the Town Hall) to see if they can secure the reversal of the settled fact, on a promise and assurance of their unanimous support to the reform proposals of Your Lordship, and I suppose on the principle that, if they could make as many impossible demands as a condition precedent, for their support and co-operation, they may get Your Lordship and the Secretary of State to make at least some one of the concessions they are asking for as the price for their acquiescence to the reform scheme. But, my Lord, though I think neither of Your Lordships are men capable to withdraw from your pledged word solemnly given to a great, historical, and political nation, yet I must publicly raise my humble voice as a warning that if the least of these concessions be granted to them, it will in no way satisfy them; for seeing how concession after concession can be got out of the Secretary of State and Your Excellency, they will, like Oliver Twist, be asking for more, or rather I would say like the Irish Home Rulers they would take what they can get hold of, as an earnest for more to be got. On the other hand, I assure this Council that should any one of the conditions precedent—which are being openly asserted in the Bengali Press—to their accepting these reforms, namely, the reversal of the Partition, the release of the deportees and political prisoners who Government has strong reasons to believe are mainly responsible for the unrest in the country, the separation of the judicial and executive functions of the district officers—be just now conceded or given to them, it will be a political blunder, the consequence of which will be disastrous to

the country ; for Your Lordship will then be giving not peace but a sword to those who have stood by Government through all these troublous times, and who share the burden of the defending of the country to a far larger extent than any other nation or race in India. To Lord Macdonald and to the fanatics (I use Babu Mitter's own words in retort) of the Town Hall meeting I would only ask to read the annual administration reports of the various departments of the public service of the new Province and say whether the progress to be found therein by leaps and bounds within the short period of five years in the political and material advancement of this long forgotten and neglected part of the country—in the matter of education, sanitation, and protection of life and property which we see around us—can be said to be due to a blunder ?

"And here I desire to take the opportunity of thanking Your Excellency for, and of congratulating my friend the Hon'ble Mr. Sinha on, his appointment of an Ordinary Member of Your Excellency's Executive Council. Under the circumstances of its being in the nature of an experiment, a heavy responsibility rests on my Hon'ble friend, for all will depend upon the way he discharges the onerous duties of his high office that the future advancement of Indians in the higher offices in the public service will rest, and from what I know of him I feel sure he will be equal to the occasion.

"My Lord, with Your Lordship's permission I will conclude these observations of mine by briefly alluding to the questions Your Lordship has from time to time permitted me to ask in this Council during the sessions. My Lord, I have to tender my grateful thanks to His Excellency the Commander-in-Chief and to the Hon'ble Mr. Miller for their replies to my questions, whether Kashmeerees are debarred from enlisting in the Indian Army, and those residing in or without the borders of Amritsar are included in the definition of cultivator in the Punjab Land Alienation Act. The grievances of these Kashmeerees were bought to my notice by the people during my recent visit to Amritsar, where I went to preside at the All India Moslem Educational Conference, and is an apt illustration of what I have urged today in support of the Advisory Councils, that the lawyers and pleaders who predominate and govern the political associations and the vernacular Press of the country are never in touch with the needs and wants of the people, and in fact the masses never look on them as their friends ; for, my Lord, in the northern parts of India I found they had quite as many political associations as we have in these parts, but no one ever thought of removing these grievances of the ryots, which was apparently to be done for the mere asking ; I have received countless letters from the Punjab, thanking me for the information my Hon'ble Colleagues have been pleased to convey on behalf of Your Excellency's Government. These replies have given great satisfaction and will lead to a speedy relief of these grievances of the people of those parts, which now turn out to be an imaginary grievance.

"My Lord, the answer to my questions regarding the Registration of Partnership has disclosed a more curious state of affairs ; the Council was supplied with copies of the letter from the Government to the Bombay and Calcutta Chambers of Commerce, the replies of those two bodies and the final reply of Government being 33—4, dated 6th January 1909. To sum up briefly the interesting correspondence :—the subject of the Registration of Partnerships is admitted to be a public necessity, it has been under consideration at various times, during the last 40 years, but hitherto it has not been found possible to devise a measure suited to the peculiar condition of business in India. 'The Calcutta Chamber of Commerce, tired out by waiting, got their legal advisers to draft a Bill which is sent to Government and which is sent by them for the opinion of the various Chambers of Commerce and is approved *in toto* by the Chambers of Commerce of Madras and Karachi, and subject to one single exception in each case was also accepted by the Upper India and Rangoon Chambers of Commerce.' The Bombay Chamber of Commerce took a strong objection to it, and a mighty Government knuckles down to a single commercial body against the almost unanimous approval of all the other commercial bodies in India. Government sent back the draft Bill to the Bengal Chamber of Commerce for reconsideration and concludes their letter to the Chamber, paragraph 8, as follows :—'In conclusion I am to say that the Government of India

fully recognise that there has been a general and continued demand for legislation on this subject and are quite prepared to consider proposals for legislation. They believe, however, that it will be readily admitted that they cannot move in the matter until the several Chambers of Commerce in India are in close agreement as to their precise requirements or until it can be conclusively shown that the difficulties with which the matter is beset can be satisfactorily overcome.' And it is inconceivable that though legislation on the subject has been called for and urged by the public in no uncertain tone, yet it was allowed to be hung up because of the opposition of a single Chamber, while the replies to the Government letter by the Chambers of Bombay and Calcutta are indeed curious reading; the Secretary of the Bombay Chamber writes: 'My Committee are, however, of opinion that there is a general and continued demand for legislation on this subject, that Government itself should proceed in the matter. They contend that if Government submitted a draft Bill, embodying the most practical suggestions of the Bombay, Bengal, and other Chambers, it is very possible that these various bodies would agree to a compromise and support Government in passing the desired Act, and my Committee therefore see no advantage in further deferring the consideration of the proposed special legislation of this Act.' While the Secretary of the Calcutta Chamber is still more solicitous. He writes: 'As regards the difference between the Chambers, the Committee do not consider that these are of such consequence as to be a bar to legislation. They notice that the Bombay Chamber has suggested that the matter should not be further delayed, but that the Government should draft and publish for criticism a Bill embodying the most practical proposals which have been put forward; the Committee earnestly trust that Government will now proceed with the preparation of the required Bill and not allow the fact that difference exists, as indeed as they must in such matters, to be a reason for delaying legislation for which it is believed there is a very real and continuous demand.' The reply of the Government of India to these two communications is still more curious, that Government regret that they are unable to modify the decision which was communicated to the Chambers in paragraph 8 of the Home Department letter, *viz.*, 'That they cannot move in the matter until the several Chambers of Commerce in India are agreed as to the form which the proposed legislation should take, or until it can be shown clearly that the difficulties with which the question is beset can be overcome.' What are we to say to this? With the two well-equipped Departments of Law and Commerce and Industry, the Government to cry *non possumus* is, to say the least of it, curious reading. May I beg Your Excellency to see personally to this matter, which from the public comments in the papers arising out of my question appears to call for speedy action and no more delay.

"My Lord, the answer to my three questions in the matter of the formation of the Indo-European Trading Society, Limited (referred to in the *Truth*), whether the attention of Government has been drawn to the comments of the Press in India to the necessity of legislation to check and control the formation of commercial and industrial undertakings, the chief aim of which really is the formation of bogus companies for the benefit and advantage of Company promoters, and whether early steps can be taken for the consideration of such legislative measures as may help to the encouragement and formation of healthy and stable commercial and industrial undertakings in India, are also curious reading. All the answers are in the affirmative. The Government of India are aware of the facts I have brought to their notice, but there is not a word to say whether the Indo-European Company hails from the India House, Highgate, or why we should wait until an innocent and illiterate people is overwhelmed by another 'South Sea Bubble' or a Back Bay speculation, or why we cannot take the initiative or move independently of the process of legislation on this subject in England. In connection with this subject I beg to draw Your Excellency's attention to the judgment of Mr. Stuart, C.S., Sessions Judge, Meerut, published in the *Statesman* of the 26th. My Lord, I fail to see the object and necessity of the department of Commerce and Industry and of the Department of the Law Member if all they have to do is to wait and take a leaf out of the Statute Book of the English Parliament and we pass it off as our own.

"My Lord, another question of mine to which I desire to specially refer before I conclude is that regarding the separation of the judicial and executive functions of district officers. I am sorry that I was unable to attend last year's budget meeting of this Council, in which Your Lordship and particularly my Hon'ble friend Sir Harvey Adamson mentioned the intention of Government to try the experiment of separation. To this subject I had, however, at some length drawn Your Lordship's attention and that of the Council in my speech at the Budget meeting of two years ago. To what I then said it does not appear any reference was made in the debate wherein Your Excellency's Government came to the determination to give the separation a trial. But from the printed record of our proceedings of last year's meeting, I find that the subsequent Government circular letter to the various Provincial Governments and High Courts (calling for their views and through them of those of the Political Associations and public bodies and men under them) is mostly a reprint of what my Hon'ble friend Sir Harvey Adamson stated in this Council, and I intended not to broach this subject until it was ripe for adjudication by Your Excellency's Government. But the reply of the Hon'ble Member of the Home Department to the question put by my Hon'ble friend Mr. Dadabhoy, 'whether Government has finally decided upon the scheme of the separation on the lines laid down by the Hon'ble Home Member last year, that Your Excellency's 'Government' has not yet decided and that it has referred to the Governments of Bengal and Eastern Bengal and Assam and the Calcutta High Court proposals for the introduction into selected districts of the two provinces, and when all the replies are received, the scheme will be further examined by the Government of India and a reference will then be made to the Secretary of State. It is therefore impossible to say when the final orders on the proposal will be passed,' made me think that I ought to put the question I did, whether the reply of my friend Nawab Syed Ameer Hosain, C.I.E., to the Government of Bengal, calling for his opinion had been seen by the Government of India, and if so could a copy be sent to those official bodies to whom the Government proposals have been submitted and a copy of the Nawab's letter be placed on the Council Table. I further availed of this opportunity to draw the attention of Your Excellency's Government to the fact that the experiment of the separation by the Government of Mysore, where it has been in operation for the last two years, has not proved a success, and that the Dewan of Mysore in the Mysore Representative Assembly refused to further extend the experiment. My object of putting that question in that form was that my friend Syed Ameer Hosain, who has taken considerable trouble to show as it were the whole history of this question, and had quoted views of every Lieutenant-Governor of Bengal and of the various Viceroys who had previously dealt with the question, ranging from 1837 to that of Lord Curzon, and of the High Court Judges, and has explained the now famous letter of the 12 distinguished retired officers who had been got to subscribe their signatures to the memorial to the Secretary of State and with which memorial my Hon'ble friend had been somewhat impressed and as I thought that the reply of my friend Syed Ameer Hosain was so clear an exposition of the views of those against the separation, that it was desirable that the Government of Eastern Bengal and Assam and the present day High Court Judges of Calcutta as well as the members of our Council should have a copy of this letter before them, and finding from the Madras papers that the scheme of the separation of the two services in the Mysore State has not proved a success, and the Dewan has refused to extend the experiment; I venture to draw the attention of Your Excellency's Government to the fact in order that it may induce Your Lordship to accede to my request made in my speech of two years ago, to stay your hands from the demolition of a system which in the backward state of the masses has been their chief stronghold and protection. The reply to my question is not satisfactory to me, for Your Lordship has refused to submit what I may call the judgment of the referees of our side of the case. While Your Excellency appears to have been satisfied as to the successful working of the system in Mysore by the fact that the Dewan in the Representative Assembly has remarked: 'The experiment has worked well, so far as it has gone, but any further extension of its scope appears likely to entail additional expenditure and has on

that account to be deferred for the present.' But the *Hindu* of Madras of the 20th January last makes the following comments and which speak for themselves:—'However, the experiment of separating the two functions has commenced even before October 1907, since then it has been tried in the districts mentioned above (the same as those referred to by the Hon'ble Member in his reply). In his address to the Representative Assembly of 1908 the Dewan referred to the progress in the working of the new arrangement and added (the very words given by my Hon'ble friend that it is on account of the additional expenditure that a further extension was postponed).' The *Hindu* then goes on: 'What the additional expenditure that the proposal might involve he did not choose to tell the assembly. In fact no detailed scheme would appear to have been worked out, there was nothing to show that the administration was really in earnest about the carrying out of the scheme, or that the question of ways and means was fully in the way of its doing so. In the very speech in which the Dewan proposed to defer the further question on the ground of additional expenditure, he was congratulating the whole of Mysore on the wonderful surplus of the State finances in the preceding three years. In the three years therefore we have been able to save nearly 48 lakhs; with the anticipated saving of 12 lakhs 47 thousand of rupees in the current year's estimate, the total balance to the credit of the Government will be one crore and four lakhs. How hollow does the plea of want of funds sound by the side of this boasted surplus, not of one year, but of three years in the past, and an additional one in prospect. The truth of the matter seems to be that the Government do not much care for the Reform.' The paper also states that the Judges of Chief Court of Mysore have declared in their administration report that 'The experiment has retarded the prompt disposal of Civil Court work and the order of the Mysore Government on the Chief Court report is that it will wait further experiment of the working of the system before deciding on any extension or change.' This state of affairs surely does not show that the experiment has been postponed for want of funds, but for giving it a further trial. However, I am thankful to Your Excellency for calling for reports from the Political Agents of those States where the experiment is being tried, and that with our heavy deficit, the huge expenditure it will involve if the experiment be put into force in British India, I am happy in the thought that the poor illiterate ryot will still be protected in the matter of his life and person, by his friend the district officer, whom he has always trusted, for some years to come.

"My Lord, I had intended to refer to the China and Straits Opium Commission Reports and to the opium question in general, the quinquennial report of the Director General of Education, and particularly to Mahomedan Education, and to the Decentralisation Commission report, but I have, I fear, already trespassed too long on Your Excellency's time. I however cannot conclude without begging Your Excellency to permit me to bid farewell to three of our Colleagues. The Hon'ble Sir Erle Richards and the Hon'ble Major General Scott will be leaving us in a couple of days, and this is the last occasion on which we shall see His Excellency the Commander-in-Chief at this Council Board in Calcutta. It has been a source of sincerest gratification and pleasure to me to have associated myself with three such brilliant gentlemen of distinction and ability, and I heartily wish them long life, health and prosperity wherever they may be."

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Government of Maharashtra

on 01 February, 2020